Austria	Sch24	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.700	Israel	Shk3.50	Philippines	Pso40
Belgium	BFr55	Italy	L2000	Poland	Zl 9,000
Cyprus	C£0.90	Jordan	JD1	Portugal	Esc165
Denmark	DKr12.00	Korea	Won 2000	Qatar	QR8.00
Egypt	E£3.25	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	[illegible]	Singapore	S$4.10
France	FFr7.50	Lux	LFr55	Spain	Pta165
Germany	DM2.50	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr150	Morocco	MDh8.00	Switz	SFr2.50
Hungary	Ft107	Neth	Fl 3.25	Thailand	[illegible]
Iceland	IKr180	Nigeria	Naira12	Tunisia	Din0.900
India	Rs15	Norway	NKr12.00	Turkey	L2500
Indonesia	Rp5100	Oman	OR1	UAE	Dh7.50

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Tuesday December 4 1990 ¢ D 8523A

PETROCHEMICALS
Asian growth plan may cause price war
Page 2

World News

South African township battles leave 71 dead

At least 71 people have been killed in political violence in black townships near Johannesburg since Sunday afternoon, in a renewed eruption of the faction fighting which has left more than 900 dead since August.

African National Congress president Oliver Tambo, 73, will return to South Africa next week after 30 years in exile. Page 26

Airliners collide

At least nineteen people were reported killed and over 50 injured after two Northwest Airlines airliners collided on the ground at Detroit's metropolitan airport in foggy conditions.

Honecker ill

Former East German leader Erich Honecker, 78, was moved to a heart clinic with high blood pressure, delaying his arrest on manslaughter charges for ordering a shoot-to-kill policy at the Berlin Wall.

Beirut reunited

Lebanese troops fanned out in a militia-free Beirut, reuniting the capital and bringing it under President Elias Hrawi's authority after 15 years of lawlessness and division.

Army chief quits

Turkey's chief of general staff, Gen Necip Toruntay, resigned in the first apparent sign of military disagreement over the government's increasingly Islamic policies. Page 2

Habre in Cameroon

Shops reopened and calm returned to Chad as rebel leader Idriss Deby savoured his first full day in power. Deposed president Hissene Habre turned up in Cameroon. French pass test, page 2

Bush tour begins

President George Bush arrived in Brazil to begin a five-nation South America visit showing support for the shift to democratic rule and to promote economic growth. Page 5

Azerbaijan fighting

Seven people were killed and three wounded in Soviet Azerbaijan in a gun battle between police and militants from neighbouring Armenia.

Israeli strike ends

A two-day strike by 500,000 state workers which closed Israeli banks and stock markets and affected air and seaports ended after government concessions.

Robbers executed

Firing squads executed 22 convicted armed robbers, at least eight of them in public, in Nigeria's Akwa Ibom state. Armed robbery carries the death penalty throughout Nigeria.

President's pledge

Mary Robinson was inaugurated in Dublin as Ireland's first woman president, pledging to help heal sectarian rifts in the north and lead her country into an era of greater tolerance.

Slovenian threat

Slovenia's defence minister said his republic would forcibly oppose the Yugoslav army if it tried to disarm the region's territorial defence units.

Brokers defy cold

Belgian stockbrokers donned overcoats and brought sandwiches into the unheated, computerless Brussels stock exchange, damaged last week by fire. Business was brisk around blackboards despite an acrid smell of smoke.

Aaron Copland dies

Aaron Copland, the pioneering American composer who used folk songs and jazz in writing classics such as *Appalachian Spring* and *Billy the Kid*, died in upstate New York, aged 90. Obituary, Page 23

Business Summary

US purchasing managers' index points to recession

US purchasing managers' index, a widely followed gauge of industrial conditions, fell more than 2 points in November to 41.3, the lowest level since the trough of the 1981-82 recession.

The sharp fall is further evidence that the US economy is slipping into recession and is likely to provoke calls for a further easing of monetary policy and measures in next month's budget to stimulate growth. Page 26

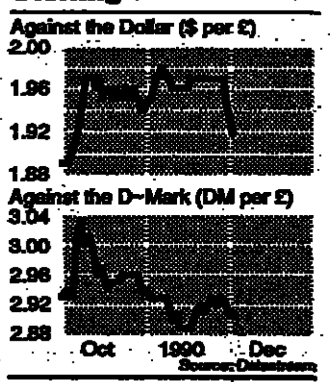
MARKETS: stock prices in Japan closed below their best, with the Nikkei rising to 23,033.74 before closing up just 271.36 higher at 22,725.99 on profit taking. In Frankfurt, the DAX index followed the CDU election win with a gain of 21.35 (1.5 per cent) to close at 1,462.58. In New York, the Dow Jones Industrial Average was up 9.66 at 2,569.31 at 1.30pm on solid turnover. Back page, Section II

STERLING was depressed by the strength of the dollar and demand for the D-Mark after the victory of Chancellor Helmut Kohl's Christian Democrat-led coalition in the German elections. It remained the weakest member of the European Monetary System. It fell 2.05 cents to $1.9190 and also declined against the D-Mark to DM2.905 from DM2.91 and against most other major currencies. Currencies, Page 46

Sterling

Against the Dollar ($ per £)

Against the D-Mark (DM per £)



Source: Datastream

NYSE outgoing chairman and chief executive John Phelan is to join the board of Merrill Lynch, Wall Street securities house, on January 1. Page 13

VOLKSWAGEN, Fiat and Renault called on the European Commission to ensure that the Japanese motor industry does not become the main beneficiary of future growth in the European car market after 1992. Page 26

TAIWAN Finance Ministry announced liberalisation of liquor imports from the EC and the US. Page 3

UK food processing companies are in the Ukraine investigating the feasibility of creating a modern integrated food chain to eliminate waste and spoilage. Page 3

METALLGESELLSCHAFT, German metals, mining, chemicals and engineering group, announced rise of more than 25 per cent in net profits for the year to September 30, indicating rise to at least DM256m ($172.9m) from DM205m in 1988-89. Page 27

WESTDEUTSCHE Landesbank, large public sector German bank, confirmed, subject to cartel office approval, purchase of majority stake in department store group Horten from BAT Industries. Page 27

RHONE-POULENC, France's leading chemicals producer, reported 47 per cent plunge in net profits for the first nine months of 1990, hit by the dollar's weakness and big losses in Brazil. Page 27

BELL Group, subsidiary of Bond Corporation, announced loss of A$672m ($521m) for 15 months to October 5, compared with loss of A$272m for the year to June 1989 on revenue down to A$383m from A$2.1bn. Page 31

Argentine government moves to crush army mutiny

By John Barham in Buenos Aires

AN UPRISING by Argentine rebel troops was virtually at an end last night after a fierce counter-attack by forces loyal to President Carlos Menem.

Sixteen hours after taking over military installations in the capital Buenos Aires, the rebels were left in possession only of the army headquarters near the Casa Rosa palace, which was itself surrounded by government soldiers.

The rebellion action marked the first military challenge to the government of President Menem and came two days before President George Bush was due to visit Argentina. The government's response to the revolt was swifter and stronger than that of the previous administration of President Raúl Alfonsín, who faced three similar military mutinies.

Yesterday's rebellion began at dawn when rebels, believed to be numbering a few hundred, captured the army HQ, the coastguards' building and the Patricios infantry barracks two miles from the city centre. President Menem quickly declared a state of siege but when the army and air force declared themselves overwhelmingly loyal the uprising appeared to pose no direct threat to the government and constitutional democracy.

The government counter-attack came when loyal troops launched an artillery attack against the rebels in the Patricios garrison. Witnesses said field guns opened fire yesterday afternoon at the garrison and rebels, who had earlier said they wanted change in the army high command, responded with mortar fire.

Artillery fire from the government forces blasted away the gates to the garrison and rebels – including some former soldiers who had taken part in previous rebellions – filed out and laid down their weapons.

As the rebels were removed in open army trucks, onlookers jeered and shouted obscenities.

The coastguards' building was also recaptured and rebel units in the interior of the country were also said to have surrendered.

Gen Martin Bonnet, the army commander-in-chief, who called on the rebels to lay down their arms in a nationwide broadcast, said the second-in-command at the Patricios garrison and two other loyal officers were killed in an initial attempt to recapture the barracks. Three civilian passengers of a bus were also killed when the vehicle collided with a tank.

The rebels are believed to owe allegiance to retired Col Mohammed Ali Seineldin, a right-wing extremist and leader of previous mutinies. This indicated that Mr Menem had failed to weed out hardline elements in the army.

In October President Menem sentenced the rebel leader to 60 days' jail when he sent President Menem an open letter warning of an imminent uprising. He has won a following by attacking the army's leadership and championing protests against low pay among a hard core of disaffected noncommissioned officers. Loyal military soldiers said that the colonel was "surprised" by the revolt.

Bush in Brazil, Page 5

New German coalition haggles over posts as economics minister quits

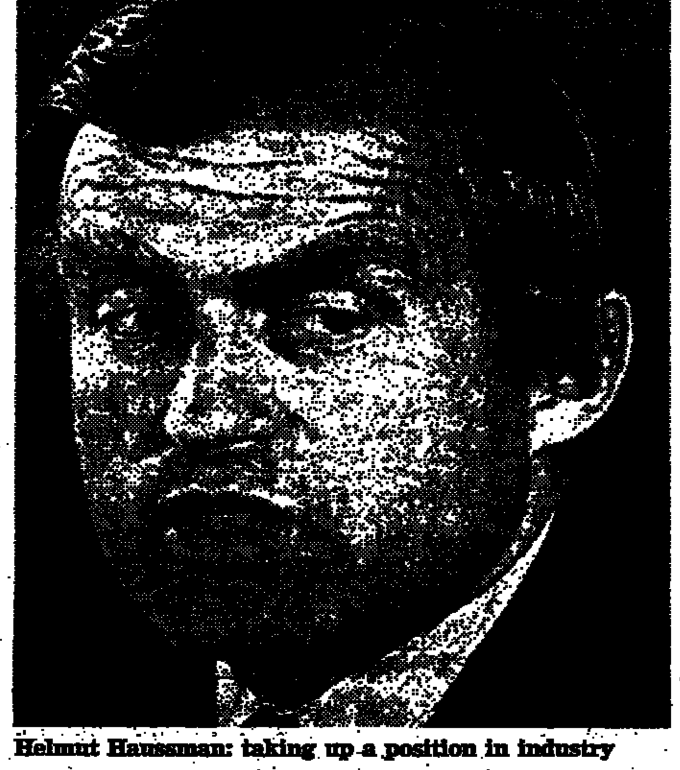
By David Goodhart in Bonn

MR Helmut Haussmann, the German economics minister, resigned yesterday as the newly elected centre-right coalition faced the prospect of haggling over cabinet posts and the policy platform of the new government.

There were no immediate reasons given for Mr Haussmann's decision to leave the government. He is taking up a position in industry.

Mr Otto Lambsdorff, leader of the liberal Free Democrats (FDP), whose vote increased to 11 per cent, said a condition of his party's continued support for the Christian Democrats-Christian Social Union (whose vote slipped slightly to 43.8 per cent), would be the introduction of a lower corporate tax rate in east Germany to stimulate investment.

Chancellor Helmut Kohl, whose government's parliamentary majority has more than doubled to 134, said there should be no pre-conditions for coalition talks, which will begin later in the week. The FDP are expected to win at least one more cabinet seat, probably at the expense of the CSU, whose vote in Bavaria was cut slightly. The cabinet is also likely to include at least two east German Christian Democrats.



Helmut Haussman: taking up a position in industry

Mr Kohl would not reveal whether he planned to establish a "reconstruction ministry" for east Germany but said that the full realisation of German economic union and progress in political union in Europe were the government's main tasks.

He also mentioned new regulations for asylum seekers as a key issue that must be resolved.

Of the new parliament's 662 members, 135 will be women – the highest percentage in a post-war German parliament. The chancellor celebrated the fact that the CDU alone was now the largest party in Germany, having overtaken the SPD for the first time since the 1940s. He regretted, however, the relatively low turnout at 77.8 per cent.

In Berlin, following the CDU's surprise emergence as strongest party, a grand coalition with the SPD looks increasingly likely. The CDU's success in Berlin may increase the pressure to transfer the government there but Mr Kohl indicated that he was working on a plan to divide the government functions between the two towns.

The chancellor was reminded of the difficulties ahead yesterday by the publication of an interview with Mr Karl Otto Pöhl, Bundesbank president, who said that the planned deficit of DM140bn-DM150bn ($94.5bn-$101.3bn) for 1991 "is too high".

Despite its poor showing, the Social Democratic Party will have the compensation of being the only official opposition party following confirmation that the west German Greens failed to get back into the Bundestag.

The smaller parties represented are not large enough to qualify as party fractions, which means that they play no formal role in parliamentary procedure.

Bonn taken by surprise, Page 8; Bonds, Page 32

AT&T prepares hostile cash bid for NCR

By Alan Friedman in New York

AMERICAN Telephone & Telegraph (AT&T) appears to be preparing a hostile bid for NCR, the fifth biggest US computer company, which rejected its $6bn stock-for-stock offer on Sunday.

AT&T said yesterday it was prepared to offer cash instead and had already arranged the necessary bank lines of credit.

AT&T disclosed its $90 a share offer for NCR after a fortnight of informal talks between the two companies broke down. It set a deadline of Wednesday, December 5 for NCR to accept, but NCR replied: "No ultimatum or demand will intimidate the board of directors of NCR."

NCR shares leapt by 46 per cent yesterday morning, from $56¾ to $82¾. Many analysts said they saw the takeover as an excellent strategic fit.

The consensus on Wall Street is that AT&T will probably succeed in taking over NCR if it raises its price to $100 a share or more. Mr Robert Kavner, the head of AT&T's computer division, insisted yesterday that the only issue was one of price. "We didn't take this step lightly and we are determined to complete this transaction," he said.

Mr Charles Exley, NCR's chairman, yesterday ruled out any negotiations with AT&T, which, he said, should "go away and leave us alone". He said he first rejected a merger approach two years ago.

Mr Exley also said that Mr Allen made it clear that AT&T was prepared to proceed with a hostile bid if necessary during an address to the NCR board last Thursday. He said Mr Allen told the board that taking over NCR was "central to AT&T's future strategy".

Mr Exley said he had received telephone calls yesterday indicating expressions of interest in NCR from other companies.

Mr Allen said he was willing to negotiate on price, but that AT&T would need to see NCR's business plan first. He said he had made repeated attempts to proceed on a friendly basis, but added that AT&T now had the option of a public tender offer.

Analysts tended to agree with AT&T's rationale for the offer: that it wished to build on the companies' shared "open systems" computer architecture, based on AT&T's Unix software. AT&T says it can add value by pooling its own networking ability with NCR's equipment.

AT&T is proposing to put its $1.5bn of computer revenues into NCR, which would be run as a stand-alone AT&T subsidiary with a total of $7.5bn of annual revenues. Mr Kavner said the takeover would only dilute AT&T's earnings in a negligible way and there would be no NCR plant closures or layoffs. He said the only redundancies would be on the AT&T side, where the computer division is estimated to be losing up to $200m a year.

Mr Thomas Rooney of Donaldson, Lufkin and Jenrette said that given the substantial premium on NCR's $56¾ closing share price last Friday it appears that NCR is either adamant that mergers don't work in the computer industry or is posturing because "it feels it has a live one".

Background, Page 24; Lex, Page 26

Farmers of the world unite in Brussels

By Tim Dickson in Brussels

FARM demonstrations have not generated much excitement in Brussels since the early 1980s when a well subsidised French cow memorably left its mark on the steps of the Council of Ministers building.

The agricultural lobby yesterday, however, was defiantly back in business as an estimated 30,000 farmers from all over the world thronged the centre of the Belgian capital in a colourful, noisy and at times violent display against this week's Gatt trade talks.

Police at one point fired tear gas and water cannon to control a group of hot tempered protesters, who burned tyres, tore out traffic signs and overturned a public works cabin to show their frustration.

"People whose existence is threatened are ready to do anything," Mr Camille Adriaens, president of the 11,000 strong Belgian farmers syndicate warned darkly. "We'll stage tougher actions if necessary."

The reason for all the bitterness is a plan to cut agricultural subsidies as part of a major trade deal being discussed yesterday in another part of the city by delegates to the final summit of the 107 nation four year talks known as the Uruguay Round.

"Gatt has become a symbol of dreadful fear for farmers," said Mr Rudolph Schwarzbock, chairman of the Austrian Chambers of Agriculture yesterday. "We cannot accept that European farmers are made the victims of a reckless trade policy."

Mr Joseph Yvernau, chair

Continued on Page 26
Trade talks, Page 3

Continental Airlines group files for protection from creditors

By Martin Dickson in New York

CONTINENTAL Airlines Holdings, parent company of the fifth largest American carrier, yesterday filed under Chapter 11 of the US bankruptcy code for protection against its creditors. It blamed the move on soaring fuel costs and its heavy debt burden.

However, the company insisted there would be no disruption of the operations of its airline subsidiary, Continental Airlines, which would continue full flight schedules. It added that it was confident there would be no layoffs and pay cuts among its 37,000 employees.

The group, in which Scandinavian Airlines System (SAS) has an 18.4 per cent voting stake, is the first major US airline casualty from the surge in fuel prices since the Gulf crisis began in August. Several others are also extremely vulnerable.

The energy crisis is speeding up a consolidation of the industry into a number of dominant companies, which are snapping up the more desirable assets of their weaker rivals.

Continental also announced yesterday that it had agreed to sell its Seattle/Tacoma to Tokyo route to American Airlines, one of the strongest US carriers, for $150m as part of a long-term restructuring.

However, it intended to maintain its status as a global carrier and had no plans to sell other international routes. It had held talks with Delta Airlines, which wished to acquire its North and South Paficic routes, but no agreement had been reached.

The bankruptcy filing comes just four months after Mr Frank Lorenzo, Continental's controversial chairman, stepped down and sold most of his stake in the company to SAS, boosting its shareholding from 9.9 per cent.

In 1983, Mr Lorenzo himself took Continental into Chapter 11, which allows a business to reorganise under the protection of the courts, as part of a tough assault on airline unions. He then brought it out again and built the Texas-based company through acquisitions into the largest US carrier.

However, one of his purchases, Eastern Airlines, has been operating under the protection of Chapter 11 for more than a year and the debt built

Continued on Page 26

CONTENTS

Tough talking at Gatt to be followed by the hard sell

Mrs Carla Hills, US trade representative at the Gatt talks in Brussels faces a tough time delivering an agreement that will prove satisfactory to Congress
Page 3

MARKETS

STERLING
New York close
$1.9180 (1.9435)
London:
$1.9190 (1.9395)
DM2.9050 (2.9100)
FFr9.8150 (9.8275)
SFr2.4800 (2.4775)
Y258.00 (258.25)
£ index 93.7 (94.0)

GOLD
New York: Comex Feb
$378.5 (385.7)
London:
$381.2 (384.75)

N SEA OIL (Argus)
Brent Jan
$31.15 (29.85)

Chief price changes yesterday: Page 27

DOLLAR
New York close
DM1.5140 (1.4985)
FFr5.1155 (5.0540)
SFr1.2930 (1.2780)
Y134.70 (132.55)
London:
DM1.5135 (1.5005)
FFr5.1150 (5.0875)
SFr1.2925 (1.2770)
Y134.40 (133.10)
$ index 61.4 (61.2)
Tokyo close: Y133.00

US closing rates
Fed Funds 7½% (7½)
3-mo Treasury Bills:
yield: 7.251% (7.23)
Long Bond:
104¼ (103⅞)
yield: 8.353% (8.39)

STOCK INDICES
FT-SE 100:
2,162.7 (+13.3)
FT Ordinary:
1,695.3 (+12.5)
FT-A All-Share:
1,038.80 (+0.6%)
FT-A World Index:
127.71 (+0.4%)
New York close
DJ Ind. Av.
2,565.59 (+5.94)
S&P Comp
324.10 (+1.88)
Tokyo: Nikkei
22,725.99 (+271.36)

LONDON MONEY
3-month interbank
closing 13 $\frac{9}{32}$% (13 $\frac{9}{32}$)
Life long gilt future:
Dec 88$\frac{11}{32}$ (87¾)

●THE MIDDLE EAST

US gives mixed reception to Bush talks initiative

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush's diplomatic initiative to open direct contact with Baghdad has been welcomed by the US Congress and public, but has come under fire from a small group of prominent critics.

A poll published in yesterday's edition of the newspaper USA Today, taken after the initiative on Sunday, shows public approval of Mr Bush's handling of the crisis has risen to 57 per cent from 51 per cent in mid-November, though this is still well down on levels exceeding 75 to 80 per cent in late summer.

Some 49 per cent of the sample said economic sanctions should be given more time to work, while 42 per cent said the US should attack after the January 15 deadline set by UN resolution 678.

But Mr Henry Kissinger, the former US secretary of state, has expressed "deep worry" about a process which is "getting us on a road that is extremely dangerous".

In comments at the weekend he argued that the distinction between discussions (conveying the demand that Iraq withdraw from Kuwait or face war) and negotiations could not be maintained. He also said it will be difficult, if not impossible, to hold together the multinational coalition opposing Iraq if other countries open their own talks with Baghdad.

Mr Dan Quayle, the vice-president, yesterday sought to offer Mr Kissinger the assurance that "there is no desire at all to enter into negotiations".

But Mr Kissinger said he was worried that US policymakers will face no easier choice at the end of the present process, since the debate will shift from whether to delay military action to whether to mount the necessary diplomatic efforts to resolve the crisis. He said that the UN resolutions impose only minimum conditions and that their achievement would still not "impose any penalties on Iraq for having raped or looted a country and once again American hostages will have been taken without any penalty".

Warning about the need to reduce Iraq's military preponderance in the area, he said on Sunday that there was "no benefit in making a settlement which will make a worse war likely in two or three years' time".

The theme was taken up yesterday by Mr William Safire, the New York Times columnist, who raised the question of reparations, war crimes trials against the Iraqi leaders and the destruction of Iraq's poison gas, germ warfare and atomic bomb facilities.

Mr Safire argued that "the president's dismayingly limited bottom line pre-emptively concedes these goals, which seem to fall outside what he construes to be his UN mandate".

He was also critical of Mr Bush for saying that "all aspects" of the crisis could be discussed, which opens the way for talks embracing the Palestinian issue.

Iraq Scud-B missile tests seen as show of force

By David White, Defence Correspondent

MISSILE test firings carried out by Iraq on Sunday are believed to have involved extended-range versions of the Soviet Scud-B, which are widely thought to be geared to carrying chemical warheads.

The firings, the first since Iraq's invasion of Kuwait on August 2, were made from mobile launchers situated to the west of Basra in southern Iraq in a westerly direction to distances of more than 300km, the normal range limit of the Soviet missile. Preparations for the tests were picked up by western intelligence, and allied forces in Saudi Arabia were placed on alert.

The firings are interpreted as a political demonstration by Iraq, as much as a test.

Iraq is believed to have between 400 and 1,000 Scuds or derivatives. The adapted versions, with bigger fuel tanks, are the al-Husayn, with a range of 600km, and the two-stage al-Abbas. The latter has a theoretical range of some 900km, but experts believe its optimum use would be at about 600km.

This would give the missiles the range to reach the main allied bases in north-eastern Saudi Arabia, or to attack targets in much of Israel from launch sites in western Iraq.

Since these weapons are relatively inaccurate at long ranges and can carry only small payloads over such distances, experts doubt if they would be worth using with conventional warheads.

However, there is no hard evidence that Iraq has chemical warheads available for the missiles.

Iraq is, meanwhile, estimated to have added 10,000 men in the last few days to its forces assembled in and around Kuwait, bringing its total to 470,000. These forces – 28 or 29 divisions – are reckoned to hold 3,700 tanks, 2,400 artillery pieces and 2,300 armoured personnel carriers.

Of the total, 268,000 men have been assembled in Kuwait itself. The Iraqis are continuing to extend their line of defensive barriers along the Saudi border to the west of Kuwait in an attempt to block a flank movement by allied forces.

Soviet Union welcomes talks

By Our Foreign Staff

THE Soviet Union yesterday welcomed the US initiative to hold talks with Iraq and said it was up to Baghdad to make the next move.

A Foreign Ministry spokesman said last week's UN resolution authorising the use of force was a step forward in the quest for a peaceful solution.

Mr Vitaly Churkin, the Soviet foreign ministry spokesman, said the UN resolution offered a "temporary opening" in which a peaceful resolution could be found to the Gulf crisis. "Everything must be done so this chance is not squandered," he said.

"The Soviet Union is convinced the ball is now in Iraq's court. It depends only on the Iraqi government whether or not there will be peace in the Persian Gulf," he said.

But the statement came as an influential group of hardline Soviet deputies called on President Mikhail Gorbachev to address parliament on the Gulf crisis. The conservative Soyuz group said a special session of parliament should be held from January 5 to 10, five days before the UN deadline for Iraq to withdraw its troops from Kuwait.

Allison Smith adds in London: Mr Douglas Hogg, a British foreign office minister, said that the British government welcomed the US initiative, though he emphasised that the talks could not amount to negotiation.

Their purpose, he said, would be to "leave the Iraqi leadership in no doubt of the determination of the international community to see Iraq's withdrawal from Kuwait."

Syrian foreign minister in Cairo talks

By Our Foreign Staff

MR FAROUQ al-Sharaa, the Syrian foreign minister, arrived in Cairo yesterday to discuss with his Egyptian and Saudi counterparts the US proposal for high-level meetings with Iraq.

Mr al-Sharaa said on arriving that Syria, Egypt, and Saudi Arabia all welcomed President George Bush's offer of meetings with Iraqi leaders, but insisted that UN resolutions be implemented in full. It is the third meeting between the three ministers to co-ordinate Gulf policies. Mr al-Sharaa, Mr Esmat Abdel-Maguid of Egypt and Prince Saud al-Faisal of Saudi Arabia last met on November 15 in Damascus.

President Bush said on Friday he is sending Mr James Baker, the US secretary of state, to Baghdad between December 15 and mid-January.

Mr Bush also invited Mr Tariq Aziz, Iraq's foreign minister, to Washington for talks next week. "The decisions that will be taken (in the next few weeks) will be fateful for our three countries and the Arab world," Mr al-Sharaa said.

Tishreen, the official Syrian newspaper, said the ministers would also discuss UN Security Council resolution 678, which authorises the use of force against Iraq if it does not withdraw from Kuwait by January 15.

Turkey's top soldier quits over policy on Islam

By John Murray Brown in Ankara

TURKEY'S chief of general staff, Gen Necip Toruntay, resigned yesterday in the first apparent sign of military disagreement over the government's increasingly Islamic policies.

His departure comes at a time when Ankara has about 100,000 regular troops backed by 35,000 paramilitary gendarmes deployed in south-eastern Turkey near the border with Iraq.

Gen Toruntay said he was unable "to serve with the principles and view of the state in which I believe". The military has long been the bastion of secularism, in a country where 90 per cent of the population is Moslem. However, political analysts described the resignation of a chief of general staff as unprecedented.

Gen Toruntay's departure is all the more surprising as he was long considered President Turgut Ozal's own man, since being appointed to the post against strong military opposition in 1987.

His move comes amid growing public concern about the secular legacy of Kemal Ataturk, on which modern Turkey is founded. It also coincides with a growing tide of political violence, which is partly blamed on Islamic extremists.

The resignation follows a meeting of the National Security Council last week, where it is believed President Ozal again proposed that Islamic graduates be allowed to serve in the military.

New Zealand changes policy

NEW ZEALAND is to send two Hercules transport aircraft and a medical team to join the multinational force in the Gulf, reversing the policy of the previous Labour government, Dai Hayward writes from Wellington. The team is expected to be attached to either the Canadian or British forces.

During the October election campaign Mr Jim Bolger, the National Party leader and now prime minister, said he hoped to end the differences with the US in the defence area.

Bangladeshi president offers to step down

By Our Foreign Staff

BANGLADESHI President Hossain Mohammad Ershad, yielding to an opposition campaign to end his eight-year rule, last night offered a peace plan under which he would step down before elections to be held in mid-1991.

This follows the failure of a state of emergency he imposed a week ago to quell the six-week campaign.

Witnesses estimated that some 70 people had died, and more than 500 been wounded, in battles between security forces and demonstrators protesting against the clampdown. The government says only six people have died.

Gen Ershad, aged 60, said on state television, he would rescind the state of emergency on December 16, coinciding with celebrations of the 19th anniversary of the country's victory over the Pakistani army.

He said he had already withdrawn press censorship.

A presidential election being due by June, he was willing to hold simultaneous parliamentary elections. Parliament is dominated by his Jatiya (People's) Party.

He indicated his willingness to hand over power at least two weeks before polling day to a neutral vice-president appointed in consultation with opposition parties.

Gen Ershad, who seized power in a bloodless coup in 1982, insisted that he would contest the presidential poll.

Hindu clashes likely to resume

Hindu militants are again on course for clashes with the authorities over the building of a Hindu temple on the site of an ancient mosque at Ayodhya in Uttar Pradesh, K.K. Sharma writes from Delhi.

The militants announced yesterday that they would try to start construction on Thursday, taking a hard line on the issue before their second meeting today with Moslem leaders.

More than 20 Hindu militants were killed by police gunfire when they made a similar attempt last month, as part of a series of events that led to the fall of the government of Mr V.P. Singh.

Mr Ashok Singhal of the Vishwa Hindu Parishad movement made clear that groups of Hindu militants would court arrest at Ayodhya if they were prevented from starting work on the temple.

He promised that the groups would be small so that violence of the kind that took place at Ayodhya last month were not repeated, but he expressed his determination to go ahead with the Parishad's plans.

This makes it virtually certain that the second round of talks between the Hindu militants and Moslem leaders today will not lead to agreement. Hindus believe that the god Ram was born at the site. Mr Singhal said there could be no compromise on this point.

■ Reuter adds: The Indian government freed a Sikh leader and 350 other people yesterday, nearly 10 days after they were detained ahead of a Sikh convention, according to the Press Trust of India.

Asia's petrochemicals expansion raises questions

Ambitious plans by Malaysia, Indonesia and India may mean a glut and price wars, FT writers report

ASIA'S petrochemicals industry could face a future of chronic overcapacity and price wars if it goes ahead with an unprecedented expansion programme involving virtually all of the fastest growing economies in the region.

Although some forecasts suggest that 40 per cent of the world's likely growth in chemicals consumption to the mid-1990s will come from the Pacific Rim, international oil industry executives believe that present plans are over-ambitious.

The recent price volatility of raw materials such as naphtha and natural gas has highlighted the vulnerability of some import-dependent projects, but there are few signs of any retrenchment in the region.

Investment is particularly heavy in the more industrialised northern economies, such as Korea and Taiwan, but substantial national projects are also planned by members of the Association of South-East Asian Nations (Asean) and India.

Attempts to avert costly duplication and over-supply by co-ordinating production on a regional basis, as first put forward by Asean in 1983, have failed. Indonesia and Thailand, for example, have gone ahead with their petrochemical plans.

So too has Malaysia, where a plastics industry is regarded as a strategic step on the way to an industrialised society. Its problem, as it once faced with steel, is nurturing the industry in the face of global overcapacity.

The state-owned heavy industry, which suffered considerable losses in its protected steel business, has distanced itself from the new ventures. In its place are Japanese and Taiwanese investors, who have responded to the government's encouragement.

"All our attention is concentrated on Malaysia," says Mr Hiroshi Ichino of Japan's Idemitsu Petrochemical, a unit of the Idemitsu Kosan oil and chemical group MDUL. The group intends to recreate in Malaysia nearly all the levels of its Japanese plastic production, in large part to overcome environmental and land constraints in Japan.

Idemitsu's main project is a $740m (£377.5m) ethane and polyethylene complex equity shared with Petronas, the Malaysian state-owned oil group, and British Petroleum.

Mr James Chao, director the China General Plastics Group (CGPG), Taiwan's second largest petrochemical producer, is also upbeat about his company's investment in a rival $500m naphtha complex. The Chao Group, CGPG's parent, is spearheading a consortium, named Titan, to build the naphtha cracker and two polyolefin derivative plants.

Mr Chao dismisses the gloomy predictions about a glut in world supply, though he concedes that "if you are not first in line, you will have an uphill battle".

State involvement in the industry is significant: it contributes 40 per cent of the $1.3bn in the capital costs of the two cracker plants, while approved foreign investment in the production of plastic products rose from M$8m in 1980 to M$215m last year.

Half of the Titan's 320,000tonne PE/PP output will be given access to the domestic market, a condition which would usually require local control. The government has also promised "anti-dumping" protection for five years.

But such measures may be insufficient to ensure that the industry will prosper. Indonesia and Thailand are also positioning themselves to be strong regional producers, while Singapore is well ahead of the pack.

Backed by the Kuala Lumpur's assertive foreign policy, the Malaysian industry is cultivating ties with non-Asean regional importers such as China and Vietnam, and has even reserved a 10 per cent stake in its polyethylene unit for Peking. But its rivals are also queueing at the Chinese door.

Indonesia, which spends $1bn a year on petrochemical imports, has ambitious plans to build up domestic production. As an oil producing country with a rapidly developing industrial sector, a petrochemicals plant is, according to Mr Antony Atkins of British Petroleum "the missing piece of the jigsaw that they've been looking to fill".

There are plans in Indonesia for three olefins plants to be built over the next four to five years despite a consensus among oil companies that at least until the end of the decade, Indonesia only has enough demand for one.

A consortium led by Shell was the first to win presidential approval for a $1.7bn olefins project in central Java. It also wants to build a naphtha cracker and facilities to produce a range of midstream petrochemicals products, mostly for the domestic market. But the project has been plagued by financing problems with Shell's local partners – the Bimantara group – headed by one of President Suharto's sons.

The Shell project is facing stiff competition from another plan put forward by an Indonesian firm, PT Chandra Asri. It has been guaranteed naphtha feedstocks by Pertamina, the state oil company and, like the Shell project, aims to supply the domestic market with all its petrochemicals needs, with possibly some surplus for export.

Plans for a third olefin plant, however, centre exclusively on the export market. The project – a joint venture between Indonesia's Salim group and Singapore companies – will be built on Bintan island near Singapore, though details have still to be worked out.

Work by British Petroleum is also being done on a smaller scale petrochemicals plant. BP has no plans to build an olefins complex but wants instead to import ethylene to make polyethylene for the Indonesian domestic market. It is hoping to complete the first stage of its plant in West Java, by the end of 1992.

Even before the Gulf crisis, Indian naphtha users were bracing themselves for difficult times. The prospect of sharp cuts in their raw material supplies has made it more difficult for petrochemical and fertiliser companies to keep their production facilities running smoothly – and balance sheets in the black.

Since the invasion, Indian petrochemical manufacturers, who collectively consume 894,000 tonnes a year of naphtha, are resigned to shortages.

"Even before the recent Gulf crisis, the petroleum ministry had informed us of a 10 per cent cut in our naphtha supplies because of the unfavourable balance of payment situation. If crude oil supplies from the Gulf are disrupted, this could go up to 30 per cent," says Mr Mathu S Patwardhan, vice-chairman of National Organic Chemicals, a Bombay-based ethylene manufacturer.

In India, naphtha production is determined by the demand for petrol and certain distillates.

After meeting these demands, India annually produces about 5.37m tonnes of naphtha. But there has been much criticism of the government's naphtha policy.

Within the petrochemical industry, many have raised doubts about India's ability to export naphtha, primarily because of the open-handed way in which the government has showered licenses for massive new petrochemical complexes. So far, the government has already sanctioned six crackers which will need at least 5m tonnes.

There is also mounting concern over the government's pricing structure for naphtha. In India it is sold at varying "administered" prices for different industries. Small private petrochemical companies making naphtha-based products for export have been demanding that this basic raw material be made available at international prices so that their goods can be internationally competitive.

"The administered price of naphtha bears no relation to world prices. There has to be some consistency if we are to be competitive," says Ms Sandra Shroff, joint managing director of United Phosphorus, a Bombay-based exporter.

Lim Siong Hoon (Kuala Lumpur), Claire Bolderson (Jakarta), Gita Piramal (Bombay)

Kenya may get modest reforms

KENYAN President Daniel arap Moi opened a congress of his ruling party yesterday, warning outsiders not to meddle in a debate over the country's political future, Reuter reports from Nairobi.

The congress of the Kenya African National Union (Kanu), which has ruled since independence from Britain in 1963, may introduce modest reforms after 12 months of mounting opposition to Mr Moi's rule.

Mr Moi, in power since 1978, had ruled out any fundamental changes to Kenya's one-party system. But after riots swept the country in July killing at least 20 people and tarnishing Kenya's reputation as one of the few stable countries in Africa, the president set up a committee to review the internal workings of Kanu.

Currently, party members vote at primaries by lining up behind a picture of the preferred candidate. If he receives more than 70 per cent of the vote, the candidate is automatically elected. If not, voting goes to a second round at which non-party members can vote.

The conference is virtually certain to abolish both queue-voting and the 70-per-cent rule, and will relax party disciplinary procedures that have been used to expel critics and muzzle debate.

Taiwan's payments balance returns to black

TAIWAN'S balance of payments returned to the black in the third quarter as the trade balance improved and private investment overseas declined, Peter Wickenden writes from Taipei.

Record capital outflow, amid political strife and a softening economy, resulted in balance of payments deficits for Taiwan of US$1.9bn (£960m) and $2.7bn in the first two quarters respectively.

According to central bank figures yesterday, the third quarter surplus of $2.33bn was the result of falling imports and a steady recovery in export performance, starting in September. Export growth year-on-year had been negative for six consecutive months up to the end of August.

Private investment offshore in the third quarter totalled $1.55bn, down 62 per cent from the same period in 1989. Private remittances of capital overseas plunged by 95 per cent to just $25m.

Capital outflow is steadying as the Taiwan stock market pulls strongly out of its eight-month, 80 per cent slide, and the Taiwan dollar comes under pressure to appreciate. Taiwan saw a balance of payments surplus of $11.38bn last year.

France passes policy test in Chad as rebels consolidate

By George Graham in Paris

WHEN President François Mitterrand announced last June that France's military presence in Africa was there to help against external aggression or protect its own citizens, not to intervene in internal conflicts, there were many sceptics.

France has for decades seemed so reluctant to shed its imperial mantle over its former African colonies that many believed this change of policy would not stand up to serious testing.

In Chad this weekend, however, the French foreign legion stood by while a rebel army marched into the capital Ndjamena.

French soldiers even stood guard for talks between the rebel leader, Mr Idriss Deby, and the remnants of the former government of President Hissène Habré, and ensured a smooth handover of power.

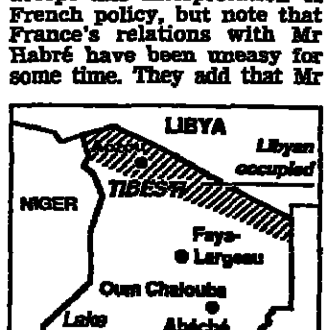
"The time has past when France could pick and choose the governments in these countries, change them or maintain them as she wished," said Mr Roland Dumas, France's foreign minister.

After Gabon in May, where France reinforced its military contingent in order to protect French citizens but maintained an approximately scrupulous refusal to intervene on behalf of President Omar Bongo, the events of the last few weeks in Chad appear to confirm the reality of the new policy.

Mr Jean-Pierre Chevènement, the defence minister, pressed home the point by rejecting the argument that France should aid the Chad government against external attack on the grounds that Libya was arming the rebel troops of Mr Deby.

"Arms deliveries are not enough to define a case of downright military aggression," he said.

Diplomats in Paris appear to accept this interpretation of French policy, but note that France's relations with Mr Habré have been uneasy for some time. They add that Mr Deby appears to enjoy the respect of many French government officials, and they have welcomed his assurances that he will respect human rights and establish a multi-party system.



Besides Gabon, four other African countries have French military contingents under bilateral defence agreements: Senegal, Ivory Coast, Central African Republic and Djibouti, where France also has an important naval base.

France's action in Chad and Gabon sends a clear message to these countries that they cannot rely on French military support to prop up their regimes.

At the same time, France is linking the provision of aid to its old African partners to the degree to which they embrace the path of democracy.

All the same, some scepticism lingers. Would France ever really abandon President Felix Houphouët-Boigny, the 85-year-old president of the Ivory Coast?

Meanwhile, Mr Deby, who heads the Popular Salvation Movement, spent his first full day in the Chad capital of Ndjamena yesterday and consulted with his officials while receiving a stream of visitors, including France's ambassador to Chad, Mr François Gendreaux.

Malaysian politicians criticise role of sultans

By Lim Siong Hoon in Kuala Lumpur

MALAYSIA'S general election six weeks ago, in which Dr Mahathir Mohamad was returned as prime minister, has raised questions within the ruling National Front coalition about its own structure as well as the constitutional role of the monarchy.

Dr Mahathir's party, the United Malays National Organisation (Umno), is accusing the nine hereditary sultans of taking sides in politics.

The charge came at Umno's general assembly held over the weekend to confirm Dr Mahathir, 65, as party president and to elect a second echelon of leaders, one of whom is tipped as a likely successor to the prime minister. The favourite among them is Mr Anwar Ibrahim, 43, the party's most senior vice-president and also education minister.

Parliament convenes today, and Umno leaders have agreed to table amendments to the Sedition Act which has kept criticism of the sultans guarded. Umno's defeat in the northern peninsular state of Kelantan by an opposition alliance comprising a breakaway party faction and Islamic fundamentalists has been partly attributed to the influence of the sultan.

Last month the Inspector General of Police issued a reminder about the Sedition Act but Dr Mahathir, who is also home affairs minister, later dismissed the warning.

He said the party's debate on the issue was intended not to alter the system of constitutional monarchy but to save it.

How the party intends to proceed is unclear. The resolution, among other things, proposes that "rulers remain a symbol of dominance and unity and are free from involvement, directly or indirectly, in party or group politics". A decline in votes for the Umno-led coalition and setbacks in Sabah and Penang have led to a rift between the ethnic parties, particularly the Chinese and Indian members. Dr Mahathir has until now refused to name two deputy ministers allotted to an Indian party.

Dr Mahathir has now raised the possibility of reviewing the coalition's nominal multi-racial power-sharing structure on the ground that members should not benefit with government positions if they contributed little in an election.

Because nearly half the parliamentary seats are distributed among the eight small parties outside Umno, there is fear that defections or electoral losses by them could hurt Umno's own political future.

As a way of ensuring Malay political supremacy, one Umno backbencher has proposed that Malaysia copy the Singapore model of a strong, powerful prime minister in a republic where a single party dominates political affairs.

WORLD TRADE NEWS

EC sticks to agriculture hard line in trade talks

By William Dullforce and Peter Montagnon in Brussels

THE EUROPEAN Community maintained its hard line on agriculture yesterday, as world trade ministers met to wrap up four years of talks aimed at liberalising international trade.

With the talks in the Uruguay Round moving rapidly towards a showdown over the EC's reluctance to meet the demands of the US and other farm-exporter countries for sharp reductions in farm subsidies, EC commissioners and ministers stood firm on an offer already dismissed as inadequate.

On his arrival for the opening ceremony of the scheduled five-day conference, Mr Ray MacSharry, EC Agriculture Commissioner, said he had no other mandate from which to negotiate than the Community's proposal, painfully achieved last month after five weeks of wrangling by EC trade and farm ministers.

"The only flexibility I have is in explaining in detail the impact which the (30 per cent) reductions in internal supports will have on our export restitutions and market access," he said.

Under the EC proposal, cuts in these two areas are linked in a complicated mechanism to the reductions in internal supports. The US and the 14 governments of the Cairns Group insist that the EC must make specific commitments on export subsidies and the removal of border barriers to farm imports.

Mr Frans Andriessen, EC Trade Commissioner, who was understood to be more ready to soften the EC stance, said in his opening speech that the EC offer was "a perfectly valid basis for reaching agreement". However, he added, an eventual accord on agriculture had to be part of a global package of results from the Uruguay Round talks which required "all of us to be ready to make sacrifices in all fields".

Even Mr Peter Lilley, UK Trade and Industry Secretary, said there was "no great margin for movement" in the EC farm proposal. But he acknowledged that a crisis was brewing at the Brussels meeting, and warned of danger if the whole round were to collapse. The world economy needed the non-inflationary stimulus of a successful outcome.

Delegates looking to Germany to bring about the decisive change in the EC position, after its general election on Sunday, were perturbed yesterday by the resignation of Mr Helmut Haussmann, Economy Minister, regarded as favouring a more liberal approach to the farm issue.

The German governmemt has kept a very low profile and sent no ministers to Brussels.

Yesterday evening, the 100 or so ministers attending the conference formed eight working groups, each of which will try to resolve a set of outstanding issues. Mr Mats Hellström, Swedish Agriculture Minister, was put in charge of the farm reform group.

Sweden recently moved to liberalise its highly protected farm sector. However, trade officials expect that Mr Hellström will quickly admit failure to resolve the confrontation over agriculture and bring the conference to crisis.

Reuter adds: Paramilitary police used water cannon against columns of EC farmers marching yesterday against subsidy cuts being discussed at the trade talks in Brussels.

Police and organisers said about 30,000 farmers were on the march. They lobbed firecrackers into police ranks and into buildings, tore up trees and traffic signs, and burned tyres.

The EC's Commission building in central Brussels was heavily guarded and ringed with barbed wire.

Curb sought for financial services disputes

By Peter Montagnon and William Dullforce

LEADING industrial countries yesterday submitted new proposals for the liberalisation of trade in financial services, designed to fill a remaining gap in this part of the Uruguay Round of multilateral trade negotiations.

The proposals – formally tabled by Canada, Japan, Sweden and Switzerland – have won the tacit endorsement of both the US and the European Community. Developing countries had yet to react last night.

A central feature of the proposals is that they provide for retaliation after a dispute to be confined essentially to the sector in which the offence occurred. This is intended to lay to rest the fears of developing countries, and of some industrial ones, that banking and insurance sector disputes could spill into other areas.

The wording of the proposals allows the possibility of retaliation in other sectors, however, if sanction possibilities in the sector first affected are exhausted.

The proposals also call for the creation of a Financial Services Body to oversee implementation of the agreement.

They contain language to let countries keep their IMF rights to impose financial sector measures such as exchange controls. They are thus intended to combine a movement towards liberalisation with the need to retain freedom of monetary policy and prudential controls designed to safeguard the financial system. This is a concern of finance ministries worried that their powers in these areas might be eroded under the Uruguay Round.

US fast-track could derail deal

Congress is in fighting mood on trade, writes Peter Montagnon

EVEN IF this week's Uruguay Round meeting is successful in producing agreement on reforms to overhaul the international trading system, final victory may yet elude negotiators who have struggled for four years to bridge their differences on everything from farm supports to intellectual property.

To become effective, the agreement must be ratified by the US Congress – and Congress, as its representatives in Brussels have made plain, is in fighting mood on trade.

This is why the words "fast-track" are enough to send a shiver of apprehension down many a trade negotiator's spine.

Fast-track is the jargon used to refer to the arrangements by which Congress has delegated to the administration its power to negotiate trade agreements and by which the result is then subject to a single vote on Capitol Hill.

Despite its name, the process is, however, anything but fast.

In fact it involves tortuous legislative procedures which, on some counts, could last into 1992.

It also bestows on Congress the opportunity to destroy, in a single vote, all the work on trade reform that has gone on since 1986.

The fast-track concept originated in 1973 as a response to an earlier failure by Congress to implement the Anti-Dumping Code negotiated by President Lyndon Johnson in 1968.

Under it Congress agrees to relinquish the power to amend international trade agreements in return for a commitment from the administration to consult fully with the legislative branch in the negotiation and implementation of such accords.

The fast-track schedule set by Congress for the Uruguay Round stipulates that President Bush must serve notice to Capitol Hill by March 3 1991 of his intention to sign the final agreement.

If he misses this deadline, the fast-track would lapse and Congress would be empowered to amend the agreement line-by-line.

After this date 90 calendar days are allowed for consultations with Congress and for the drafting of an implementing bill.

By May 31, the President must sign the Uruguay Round agreements which then pass to Congress for consideration and enactment.

Congress then has 90 session – not calendar – days to consider the legislation.

Given the length of the summer and other periods of recess, this could mean that the process is carried into 1992.

The process is further complicated by the number of committees likely to be involved in both the consultation and the legislative stages.

Long gone are the days when the Senate Finance Committee and the House Ways and Means Committee held sole sway over trade matters.

The 1988 Trade Act was examined by 22 committees. These involved nearly 200 individual members of Congress and 17 sub-conferences between the House and the Senate.

The Tokyo Round, with an agenda much less complicated than the Uruguay Round, involved six House and four Senate committees, and part of it had to be renegotiated during the consultation stage.

The US/Canada Free Trade Agreement involved eight House and six Senate committees.

Congressional lawyers say it could take several weeks for the committees to decide just which of them shall have jurisdiction over which parts of the agreement.

By maximising the use of the 90 working days available for the legislation, any individual committee could delay the final vote.

If this did take the process into 1992, some fear the Round would have been effectively killed because other countries would lose interest.

The Bush administration will therefore have to work hard to satisfy Congress on each and every aspect of the agreement.

It is largely for this reason that it has been looking for an agreement that will generate public support strong enough to override the objections of those such as the textile industry, whose interests are likely to be hurt by any final package.

Mr Max Baucus, Chairman of the Senate Finance Trade Sub-Committee, has been saying here that a final package must be "very major, very substantial" if it is to be ratified.

Nor will Congress be prepared to extend the fast-track negotiating authority if agreement is not ready for the legislative process to begin in March.

Were an effort made to extend the fast-track, some senators would put up amendments which would "mischievously jeopardise" the operation, he said.

Members of the congressional delegation have stated here that their interests lie in ensuring both that the Round yield tangible new market opportunities for US exporters of goods and services, and that it leave intact the tough US trade remedy laws allowing action to be taken against foreign subsidies or countries which are found to be dumping goods.

They also point to a general lack of interest in the Round in the US coupled with some increase in support for protectionism as the US economy slides into recession.

In short, although they publicly support both the objectives of the Round and pay tribute to the skills of the US negotiating team led by Mrs Carla Hills, the Trade Representative, they are promising her a rough ride if she does not deliver a satisfactory agreement.

In a carefully-orchestrated show of solidarity private sector executives made clear at the start of the meeting here that they stand behind Congress in its basic objectives for the Round.

The private sector is important because its advisory committee on trade has a legal task of vetting the agreement and making a recommendation to Congress before the fast-track swings into action in March, a process which is expected to take about a month.

Yet there is also a risk that this aggressive US approach may backfire as the US accused of making unreasonable demands on the rest of the world.

If the talks do collapse here this week, there seems little doubt that the US will try to blame the European Community. The EC will likely retort that Mrs Hills was simply looking for any excuse to avoid facing a battle she could not possibly win against her own unruly legislature.

Steel body seeks anti-dumping changes

By Martin Dickson in New York

CHANGES to international anti-dumping rules to eliminate the impact of sudden exchange rate fluctuations were called for yesterday by the American Institute for Imported Steel, a body made up of leading steel importers and exporters.

Mr John Griffin, the institute's president, called at its annual meeting in New York for the use of 10 year moving average exchange rates in calculating the price of international transactions in anti-dumping action.

Such a move would be strongly opposed by large US steel manufacturers, particularly given the weakness of the dollar in recent years and its relative strength in the early part of the last decade.

However, Mr Griffin argued that the exchange rate calculations used in current trade law, both in the US and abroad, could lead to turmoil in international steel markets after March 1992 and the expiry of the current 2½ year Voluntary Restraint Agreements (VRAs), which limit steel imports to the US. Despite protests, the Bush administration has indicated that it does not intend to extend the VRAs.

Steel importers fear that the steel manufacturers will then launch a flood of anti-dumping suits against imports. At present umbrella provisions of the VRAs protect imports against such action.

The institute, which has already done some lobbying for its proposal among European governments and in Washington, said the suggestion could be considered as part of the Uruguay round of trade negotiations or under any multilateral steel negotiations which may take place before the VRA expiry.

Mr Griffin said that under present anti-dumping rules throughout the world international traders could become targets of expensive litigation for reasons entirely beyond their control.

"Exchange rate fluctuation enables domestic industries globally to make protectionist weapons of anti-dumping laws. This occurs when a strengthening currency creates a gap between prices charged by an exporter in his home market and prices for the same product in an export market when converted to importing nation currency."

Taiwan liquor imports easing

By Peter Wickenden in Taipei

IMPORTS of liquor from the EC and the US are to be liberalised, Taiwan's Finance Ministry announced.

Whisky imports will be liberalised first, starting on April 1, probably followed by brandy, according to a detailed schedule yet to be announced.

Limited quantities of strong liquor have been imported exclusively by a profitable government bureau.

Last year, the US cited protection of the liquor market as a reason for putting Taiwan on a list for potential trade retaliation under section 301 of the US Omnibus Trade Act. A week of bilateral talks on the issue ended with no agreement on Friday.

S America, Caribbean spend $451m on US trade lobbying

By Leslie Crawford in Santiago

LATIN AMERICAN and Caribbean countries employed more than 1,000 people and spent $451m between 1987 and 1989 to lobby for their trade interests in the US, according to a UN report published in Santiago.

The study says that the region is now spending $150m a year in export promotion and in pressuring the US Congress to lower existing trade barriers. This represents 35 per cent of the total expenditure on lobbying by the countries registered under the Foreign Agents Registration Act.

Colombia, Jamaica and Mexico account for 65 per cent of the total sum spent. The lion's share goes towards export promotion and only 3.7 per cent towards influencing US trade policy.

Critics of lobbying argue that the efforts of different countries often cancel each other out and have only had a marginal impact on policy. Its defendants say it is a legitimate means of influencing US decisions.

Some countries, such as Chile, have almost no lobbying presence in Washington which is the subject of heated debate in Santiago.

Chile would like to sign a free trade accord with Washington, similar to the one being negotiated between Mexico and the US. Chile is also a leading supporter of US president George Bush's Enterprise for the Americas Initiative.

FT WORLD TELECOMMUNICATIONS CONFERENCE

EC faces radical telecoms prospects

By Charles Leadbeater, Industrial Editor

THE European Commission plans to encourage the creation of pan-European telecommunications operators to run an EC-wide network in a radical development of its telecommunications policies.

Mr Joan Majo, a senior policy adviser to the EC's telecommunications, information industries and innovation directorate DGXIII told a London conference that the EC's competition policy should be augmented by the aim of creating pan European services.

The FT Conference on future prospects for the world telecommunications industry was also told that eastern Europe would need investment of $55bn to $60bn to bring its telecommunications networks to comparable levels in the West.

Mr Majo said the lack of a European long-distance telecommunications carrier would limit the gains the EC will garner from the creation of the single market in 1992. He said there was also a need for an EC wide regulator to oversee the industry.

Mr Timothy Nulty, senior economist at the European department of the World Bank predicted that the fledgling democracies in eastern and central Europe would not be able to meet public demands for improvements in telecommunications services, without bringing in telecommunications groups from the advanced economies.

To increase the penetration of exchange lines from an average of 11 per cent to close to 30 per cent, Poland, Czechoslovakia, Hungary, Romania and Bulgaria would need to install close to 30m lines at a cost of about $2,000 per line, he said.

The rate of investment would have to rise from about 0.5 per cent of GNP to close to 2 per cent of GNP, to double the growth rate of exchange lines to about 11 per cent, Mr Nulty said. To achieve this rapid growth, in the midst of disruptive and costly macro economic restructuring, foreign telephone companies would have to be allowed to install and run networks.

Mr Gyula Partos, director general of telecommunications at the Hungarian ministry of transport, communications and water management said its 10-year programme to increase the number of lines from 9 per 100 people to 27 would require a radical reorganisation of the country's industry involving foreign participation.

This will revolve around the privatisation of the HTC, the Hungarian telecommunications operator, the creation of an industry regulator and the division of the industry into regulated network operators and unregulated service providers which could be foreign owned.

Mr Yuri Gulyaev, a leading telecommunications adviser to the Soviet government said the decentralisation of power to the Soviet Union's constituent republics would foster rather than inhibit the modernisation of the telecommunications infrastructure. Provision for a telecommunications network covering the Soviet Union would be discussed during negotiations on a new treaty to underpin relations between republics.

Elsewhere the quickening pace of deregulation in Latin American, Australasia, the US, Europe and Japan has prompted a 70 per cent rise in cross border investment flows to $27bn in the last 12 months, according to Ms Janice Hughes vice president of Booz Allen & Hamilton. More than two-thirds of these transactions were in the liberalised markets in North American, Japan, the UK and New Zealand.

About 140 of the 160 cross-border deals involved network operators, up from 56 in 1989, with the equipment manufacturers such as Northern Telecom and Acatel the next most important group of acquirers.

Mr Hughes predicted there would be $150bn worth of telecommunications privatisations over the next 5 years.

Mr Hideo Suetsugu, president of International Digital Communications, the Japanese international carrier, said that liberalisation would continue in Japan allowing foreign groups to enter the market with partners. However Japanese telecommunications groups are not yet ready to expand into foreign markets.

Despite the quickening pace of liberalisation to create competition in telecommunications services, regulatory rather than financial, cultural or technological barriers remain the most important obstacles to the creation of global networks, Mr William Esrey, chairman of United Telecom, the US long distance operator said.

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Prediction of earthquake causes panic in the Midwest

By Barbara Durr in St Louis

THE American midwest was preparing for an earthquake yesterday. Fear had been set off by the predictions of Mr Iben Browning, a controversial US climatologist, who had warned of the possibility of a serious earthquake on or around December 3.

The tremors, according to Mr Browning, were likely to strike along the New Madrid fault, which zig-zags 120 miles through five states from Arkansas to Illinois.

Although the US Geological Survey, the federal agency charged with tracking seismic activity, said there was no scientific basis for Mr Browning's prediction, the warning was taken seriously by hundreds of thousands in the New Madrid fault zone.

Schools closed yesterday and earthquake drills are to be conducted today in many cities and towns.

Public meetings were held and, in some states, National Guard troops were put on alert. Some people simply decided to leave on holiday.

Mr Browning's prediction was based on powerful tidal forces that accompanied an unusual alignment of the earth, sun and moon yesterday.

The pull of tidal forces on the earth's crust rendered a 50/50 chance of earthquakes along the New Madrid fault, the Hayward fault in California and a fault zone near Tokyo, according to Mr Browning.

There is, however, no scientific evidence correlating tidal forces and earthquakes. Mr Robert Herrmann, a seismologist at St Louis University said: "You could do as well as Browning by picking numbers out of a hat."

Mr Herrmann and other experts have taken issue with Mr Browning's prediction. They believe that it is impossible to predict an earthquake with such accuracy.

However, scientists do agree that there is a likelihood of a substantial earthquake in the midwest. The triangular area between St Louis, Missouri, Evansville, Indiana and Memphis, Tennessee is the most seismically active zone between the Rocky Mountains in the west and the Appalachians in the east.

The chances of a significant earthquake – one greater than 6.3 on the Richter scale – are 50/50 before the end of the century and 97 per cent over the next 50 years, according to Mr Michael Coe of the Center for Earthquake Studies at Southeast Missouri State University.

An earthquake of 8.0 on the Richter scale should occur every 80 years and the last was in 1895. "We're overdue for one," says Mr Coe.

The New Madrid fault was the site of the most devastating earthquakes in US history. These occurred between December 1811 and February 1812; four registered 8.0 or more on the Richter scale.

They were so powerful that they rang church bells in Boston and created a new lake in western Tennessee.

Residents along the fault line began to worry after the San Francisco earthquake last year. Concern deepened as word of Mr Browning's prediction spread this year. It was only after a September 26 tremor in southeast Missouri, measuring 4.6 on the Richter scale, that panic set in.

A recent television film called "The Big One" about a devastating quake in Los Angeles did little to calm nerves.

The epicentre of the September tremor was about 12 miles outside Cape Girardeau on the banks of the Mississippi. Cape Girardeau's 33,000 citizens were so nervous that the town's business was badly affected.

Ms Evelyn Boardman, managing director of the Merchants Association, said: "People were afraid to buy anything."

To combat quake paranoia, the town's business community has turned the scare into an opportunity for sales promotion. The Auffenberg car dealership offered a $10,000 cash refund on cars bought between November 27 and December 1 if an earthquake of 5.0 or greater occured.

The refunds are covered by a "special event" insurance policy from Lloyds of London.

Hutson's Furniture store, also under special insurance cover, offered to make any purchase between November 1 and December 5 free if there was an earthquake of 6.0 or greater within 100 miles if it took place by December 6.

Some citizens remained sceptical. At Griffin's Bar yesterday a quake party was held, featuring a drink called "Tequila Tremor".

Officials said that the problem with Mr Browning's prediction is that people will relax after December 5, assuming that the danger is past.

Experts at a November 28 conference on earthquake risks said that the central US was inadequately prepared. Key facilities such as schools, hospitals, offices, factories, bridges and pipelines have not been designed to sustain serious tremors.

Damages from an earthquake along the New Madrid fault could run to $50bn in the seven states potentially affected – Illinois, Indiana, Missouri, Kentucky, Tennessee, Arkansas and Mississippi. Economic losses related to the disaster could run to a further $200bn, according to estimates by Mr James Beaver of Martin Marietta Corp.

Earthquake insurance cover has risen dramatically in the fault area since last year. State Farm Insurance, which holds around a fifth of all homeowners' insurance policies in the central midwest, said earthquake coverage had more than doubled in such states as Missouri, Kentucky and Tennessee over the past year.

Allstate Insurance, which holds a slightly smaller market share in the region, said it had also seen a doubling of earthquake insurance for its midwest policy holders.

The demand for insurance has been particularly high in Memphis and St Louis, the two biggest cities closest to the fault.

Chicago, a city of skyscrapers, could also be badly shaken in event of an earthquake of 7.5 or more. While earthquake insurance in the Chicago area has also doubled, many residents feel the event is too unlikely to worry about.

In Cape Girardeau, Ms Melissa Welker said people were on the look-out for turtles. "When a quake is coming, the turtles get on the move," she said.

US Treasury report critical of 'imbalances' in Taipei, Seoul

By Michael Prowse in Washington

FUTURE reduction of world external imbalances should be achieved by macro-economic and structural policies rather than exchange rate adjustment, the US Treasury said yesterday in a report to Congress.

The report, which is published annually under the 1988 Omnibus and Trade Competitiveness Act, criticises South Korea and Taiwan for failing to liberalise their exchange rate mechanisms.

The Treasury notes that on a real trade-weighted basis the dollar has depreciated by nearly 12 per cent from its peak in summer 1989. But it says future reductions in trade imbalances should be sought primarily through structural reforms such as the $492bn (£256bn) US budget deficit reduction package recently agreed with Congress.

Many analysts, however, expect a further relaxation of US monetary policy to combat recession. This would probably cause a further decline of the dollar.

The report says there is little evidence of overt manipulation of the Korean won but complains that the present regime is "far from a truly market determined" system. It says Korea has delayed or reversed earlier plans to liberalise trade, financial and exchange markets. Reforms are now "imperative".

In Taiwan controls on capital flows and exchange transactions are a "growing concern" in view of its persistently large trade and current account deficits.

Liberalisation is urged.

Canada group to study constitutional reform

By Bernard Simon in Toronto

CANADA is to set up a parliamentary committee to study ways of streamlining constitutional reform, to avoid repeating the protracted wrangling which led to the Meech Lake accord's demise earlier this year.

The committee is one of several groups formed in recent months to chart the country's constitutional future. Mr Brian Mulroney, the prime minister, said it would seek ways to replace the "inadequate and inflexible" formula in the present constitution, which allows three years for ratification of constitutional amendments and requires unanimity among all 10 provinces for key changes.

Any changes in the amending process proposed by the committee would require unanimous approval.

Several of the other post-Meech groups are well advanced in their work. A 35-member panel of business, labour and community leaders in Quebec has heard, in public hearings over the past few weeks, a string of calls for greater autonomy for the francophone province.

In an effort to counter Quebec separatism and promote a dialogue between different linguistic, ethnic and regional interests, Mr Mulroney announced last month the creation of a 12-member Citizens' Forum on Canada's Future. It The forum will start nationwide hearings in the new year.

The Meech Lake accord collapsed in June after failing to win the approval of the Manitoba and Newfoundland legislatures.

The premiers of both provinces signed the accord in 1987, but were replaced in subsequent provincial elections by opponents of the deal, which would have recognised the unique francophone character of Quebec while giving extra powers to the 10 provinces.

January meeting for G7 likely

By Peter Norman

FINANCE ministers and central bank governors of the Group of Seven leading industrial countries are likely to meet in the US in January, according to international monetary officials.

The officials said yesterday the ministers of the US, Japan, Germany, France, Italy, Britain and Canada were expected to meet on or about January 20.

They would assess economic developments in their own countries, the decline of the dollar over the past 18 months, and the mounting economic problems of the Soviet Union.

The officials said the January meeting was also likely to focus on how best to support business and consumer confidence in view of increasing gloom about the economic outlook in the industrialised world.

Bush turns spotlight on Americas-wide zone for free trade

By Christina Lamb in Brasilia

US President George Bush called yesterday for the Americas to work towards the "world's first hemispheric free-trade zone" and gave resounding endorsement to the policies of Mr Fernando Collor de Mello, his Brazilian counterpart.

However, with little money at his disposal, Mr Bush offered little substantive support in the areas of debt and technology transfer, which most concern the Brazilian government.

Mr Bush's address to the Brazilian Congress on the first day of a five-country Latin American tour concentrated on his Enterprise for the Americas Initiative, which was announced in June.

He said the challenge was to "hew out of a wilderness of competing interests a new kind of opportunity in the Americas... to make this hemisphere the largest free trading partnership of sovereign nations in the world".

He added: "This calls for a major hemispheric effort to unify the New World in the three key areas of trade, investment and debt."

Praising Mr Collor, Brazil's first directly-elected president for 29 years, he said: "I am here to tell you that you are not only on the right path but that the US wants you to succeed and supports your efforts every step of the way."

The speech came after a 40-minute meeting between the two presidents in which the main topics were Brazil's foreign debt, access to advanced technology, the Americas' initiative and the nuclear issue.

Applauding the agreement signed last week between Brazil and Argentina to limit nuclear programmes to peaceful uses, Mr Bush agreed the release of a supercomputer to Embraer, Brazil's state aerospace company.

The sale had been blocked because of fears the computer would be used for missile technology.

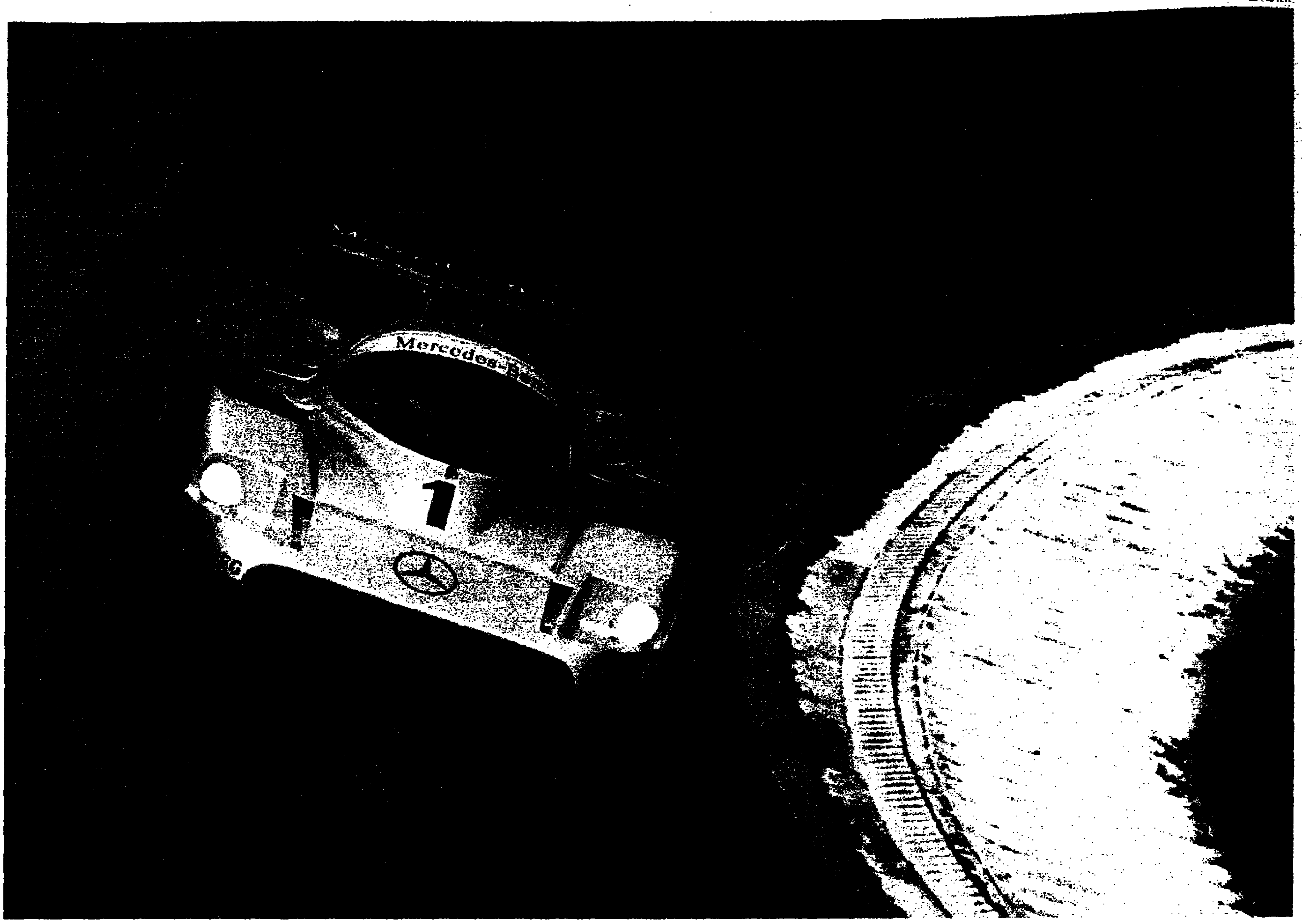
The two leaders were expected to have further talks late last night after discussions on debt between Mr Nicholas Brady, US Treasury secretary, and Ms Zelia Cardoso de Mello, Brazil's economy minister. Creditor banks had been hoping Mr Bush would pressure the Brazilians to pay more than the $900m of the $8bn (£4.2bn) outstanding in arrears.

Despite the stalled debt negotiations, the atmosphere for the Bush visit was vastly different to that of the last visit by a US president, in 1982. Then, President Ronald Reagan infuriated the Brazilians by confusing their country with Bolivia.

As Brazil's largest trading partner, creditor and investor, relations with the US are important to Brazil. But links have been marked in the past decade by a series of trade rows and controversial issues such as Brazil's nuclear programme and attitude towards the Amazon.

Since taking office in March, Mr Collor has introduced trade liberalisation policies. He has also toughened protection for the Amazon, the world's largest rain forest.

In return, he was hoping for access to advanced US technologies which he described last week as "fundamental to diminish the difference separating us from the civilised world".



The learning curve

Group C racing teaches hard lessons, and they've been well learnt by Mercedes-Benz, just declared World Sports Car Champions for the second successive year. As all competitors discover, racing at this level punishes cars in ways that no computer model or wind tunnel experiment can match. It is final proof of the strength or weakness of design ideas and materials.

Mercedes-Benz scored eight wins in the nine-race 1990 season. An overwhelming success. And the team's satisfaction is broadly based: pride in the talent and consistency of Sauber-Mercedes drivers and engineers; delight that the racing chassis is once again in a class of its own; gratification that the basic multi-valve V8 engine, also used in Mercedes road cars, has proven its reliability and strength, as it did last year.

Spin-off benefits are also emerging. For example, the 730bhp racing version of the 5.0-litre V8 is teaching Mercedes-Benz engineers new paths to greater fuel economy through refinements to the sequential fuel-injection, among other things. All without sacrificing power or speed (petrol was strictly rationed in the nine-race series).

Such secrets will now find their way into Mercedes-Benz road cars. And so, in the foreseeable future, will new components technology, stress-tested in these mobile research laboratories at speeds of up to 250mph: carbon fibre-reinforced plastics, titanium alloys, super-light ceramics that most successfully tolerate racing engine power loads and temperatures.

The World Sports Car Championship is an examination of engineering excellence that presses all competitors to the limit. It is also a speed, endurance and economy trial where the results speak for themselves. Now, for the second year running, the most convincing answers have been provided by Mercedes-Benz. And, for the second year running, the real winners are the drivers of Mercedes-Benz production cars.

Mercedes-Benz are World Champions again, but the real winner is advanced technology

ENGINEERED LIKE NO OTHER CAR IN THE WORLD

Army vows to defend socialism as Serbia nears election

By Laura Silber in Belgrade

SERBIA, Yugoslavia's biggest republic, will hold elections this Sunday amid renewed warnings from the army that it will continue to defend socialism.

In a rare interview at the weekend to Danas, the Croatian weekly, Mr Veljko Kadijevic, the defence minister, threw the army's support squarely behind a socialist Yugoslavia.

"We are witnesses to the revival of highly aggressive anti-Yugoslav and anti-socialist forces. Those are the same forces that once broke Yugoslavia and collaborated with occupiers during the national liberation war," he said.

Mr Kadijevic warned that all local and national military units would be disarmed by force. "Those who did not participate in the creation of the Yugoslav People's Army will not be allowed to dictate the army's political organisation," he said.

Mr Kadijevic's comments are aimed at the governments of Croatia and Slovenia which have taken control of territorial defence units, Yugoslavia's system of civilian reserves.

The army, and the republic of Serbia, have criticised Croatia and Slovenia on the grounds that they threaten Yugoslavia's territorial integrity.

But Mr Franjo Tudjman, the president of Croatia, yesterday sharply criticised Mr Kadijevic's "intervention".

Mr Tudjman, who is a former general and whose party, the Croatian Democratic Union, formed a government after last April's multi-party elections, said: "There are no other examples of a defence minister's attempts to influence political events, neither in socialist countries nor in civil democracies."

Mr Kadijevic's speech also coincides with the final stages of Serbia's election campaign. In this respect, the speech appears to confirm fears among liberal groups that the Yugoslav People's Army, whose officer corps is 60 per cent Serb, supports a communist victory.

The minister's warnings also echo the campaign rhetoric of Serbia's communists who have repeatedly warned that a victory by the non-communist opposition in Sunday's elections could mean civil war.

The communists (renamed the Socialist party) led by Mr Slobodan Milosevic, who is also president of Serbia, is facing a tough challenge from the Movement for Serbian Renewal, the Republic's biggest opposition party.

This nationalist, right-wing party, which is led by Mr Vuk Draskovic, has risen in popularity at the expense of Serbia's communists.

The communists, who have refused to implement any economic reforms, and who are anxious to win floating votes, yesterday tried to create an atmosphere of fear and uncertainty among the electorate.

Politika, once Serbia's proudly independent daily but now the mouthpiece for Mr Milosevic, yesterday devoted its entire front page to the defence minister's remarks in an attempt to use the army's position to gain votes.

Last month a group of about 80 generals formed a political party, which calls for a socialist Yugoslavia.

The founding of the generals' party, together with Mr Kadijevic's refusal to depoliticise the army, has cast doubts over the army's willingness to permit the transformation of Yugoslavia from a socialist to a multi-party democracy.

Ireland swears in woman president

By Kieran Cooke in Dublin

ASK an Irishman to name his person of the year and he would probably nominate Jack Charlton, the manager of the highly successful Irish football team.

Ask an Irishwoman and one person would tower above the rest. Mrs Mary Robinson.

Yesterday Mrs Robinson was inaugurated as Ireland's first woman president. It was an event most people thought impossible only a few months ago.

Mrs Robinson, a highly respected barrister with only limited political experience, took on the Irish political establishment in a presidential election campaign. She battled against Fianna Fail, the most powerful party in Ireland. She begged for funds and raised politically risky issues, such as divorce and contraception. And she won.

"The Ireland I will be representing is a new Ireland," said Mrs Robinson yesterday. "Open, tolerant, inclusive."

Already, Mrs Robinson has sent shivers down a few political spines. The leader of Fine Gael, the main opposition party, was forced to resign following his party's disastrous showing in the presidential election.

Shocked by Mrs Robinson's victory, Mr Charles Haughey, prime minister and leader of Fianna Fail, wants to promote a new party image. One member of Fianna Fail publicly suggested that part of that new image should be to replace Mr Haughey.

There is talk of a new referendum to decide whether divorce should finally be allowed in Ireland. The Irish president has few constitutional powers but Mrs Robinson has nonetheless promised plenty of action.

Some observers are predicting an early confrontation between president and prime minister.

In her inauguration speech, Mrs Robinson said she wanted to promote local participatory democracy and "a new pluralist Ireland". She wanted to represent not just Ireland but also the more than "70m people living on this globe who claim Irish descent".

It was time, said Mrs Robinson, that Ireland stood up. "Ours is a truly beautiful country and the Irish people are a wonderful race."

Mrs Robinson quoted Joyce. She quoted Yeats. She quoted Seamus Heaney. She ended by asking people to "come dance with me in Ireland." It could be that things will never be quite the same again.

Greece struggles to meet EC loan demands

By David Buchan in Brussels

GREECE WILL be hard put to meet new demands by its European Community partners to make its economic reforms more precise, Mr Efthimios Christodoulou, the country's economics minister, said yesterday.

However, he forecast eventual success in his government's tortuous negotiations for an EC loan.

Greece has been told that if it wants an Ecu2bn ($2.78bn) EC loan, it will first have to tell Brussels when it plans to stop printing money to cover its budgetary deficit; how much revenue its new tax on farmers will bring in; what its plans to privatise state companies are; and what steps it has in mind to fulfil its EC obligation to lift curbs on capital transfers.

This warning was made to Mr Efthimios at Sunday's informal meeting near Milan of EC finance ministers. Yesterday, in Brussels, he said further talks would have to take place with the European Commission and he indicated reluctance to give more hostages to fortune by agreeing to further conditions for the loan.

Last Friday, the Greek government announced a record planned budget deficit of Dr2,120bn. (£7bn) for 1991, despite new taxes. There is growing concern in Brussels about Greece.

It has fallen below Portugal to the bottom of the EC wealth-per-head league, but help from Community structural funds has made it harder to rein in Greek public spending because of the EC rule that money from Brussels must be matched by a local contribution.

At Sunday's meeting, Mr Mario Sarcinelli, the Italian Treasury director who chairs the EC monetary committee, suggested it was time for Greece to turn to the International Monetary Fund.

But Mr Henning Christophersen, the EC Commissioner responsible for macro-economic affairs, and some EC ministers were quick to say solutions should be found within the bosom of the Community; they fear that Greece's turning to the IMF would deal an early and serious blow to the Community economic support surveillance system that is needed to underpin eventual monetary union.

● Twenty Albanians of Greek origin crossed the border on Sunday night and asked for political asylum in Greece, police said yesterday, Reuter reports from Athens.

The 20 went to a police station in the northern town of Florina and told the duty officer they wanted to live in Greece. Their request was being examined by Greek authorities. Athens says some 400,000 ethnic Greeks live in communist Albania.

Hungary speeds up the privatisation process

By Nicholas Denton in Budapest

THE BUDAPEST authorities yesterday launched their second programme of asset sales. They simultaneously announced which foreign investment banks are to advise on the first round, giving a double impetus to the momentum of the privatisation process.

Hungary's State Property Agency, the privatisation body which holds title to state-owned property, began the privatisation of all its holding companies and released the names of 20 companies which will go first.

The holding companies are those which have more than half their assets in subsidiary companies.

Two of the largest companies are FEG, a weapons manufacturer with turnover of Ft4.04bn ($66m) and BRG Mechatronic Works, which exports radio-telephone equipment and tape recorders and has a turnover of Ft2.96bn.

The programme is open-ended and intended to take in all holding companies, some of which are among Hungary's largest enterprises.

Devolution of profitable parts of enterprises, leaving the parent company a shell with most of the liabilities, has provoked controversy, which the new programme is designed to quell.

Before privatisation, holding companies will have to clarify their confused finances and lines of responsibility.

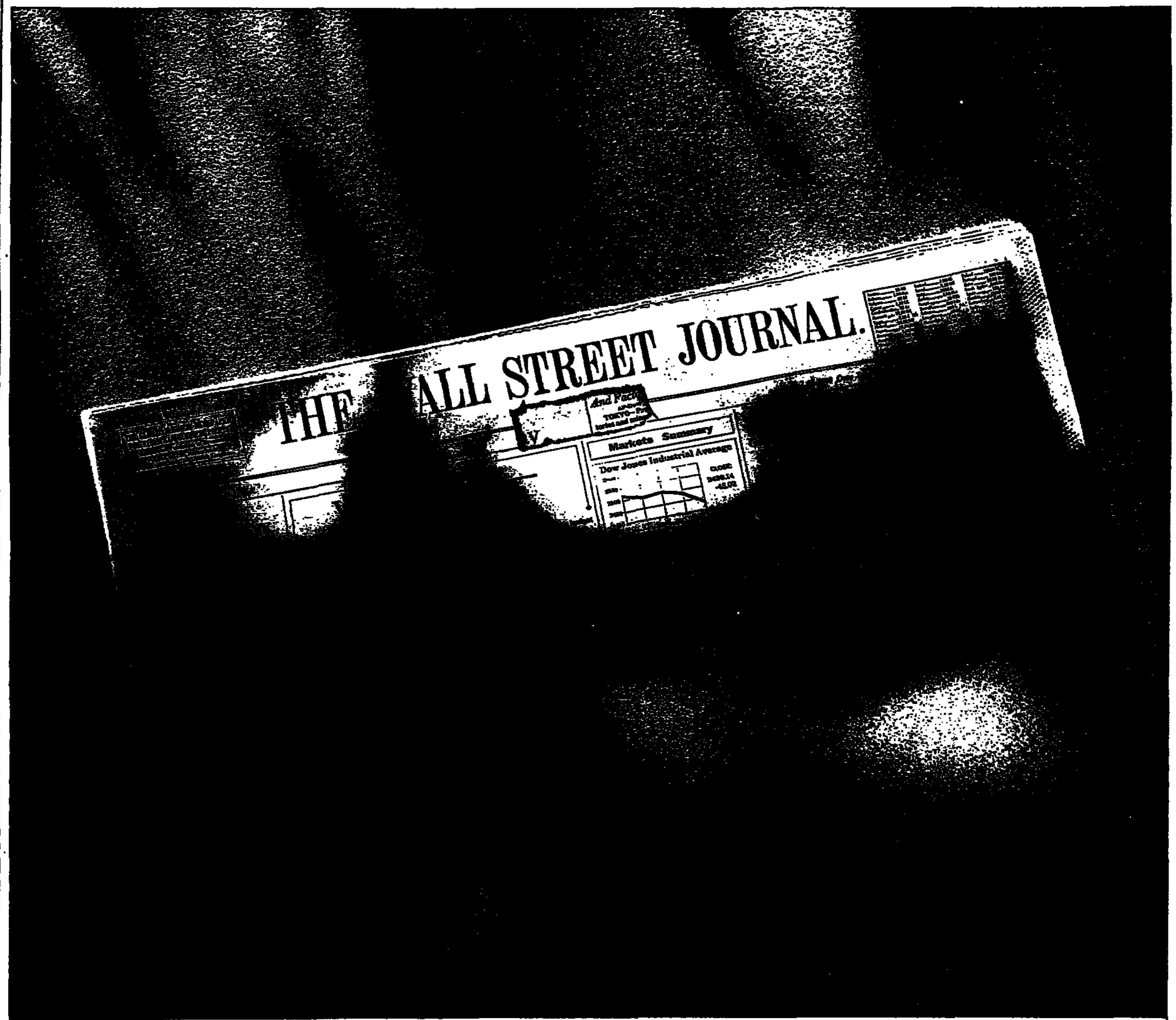
The SPA also announced the first winners of the tender to manage the sale of 20 blue-chip companies of the agency's first privatisation programme.

Barclays de Zoete Wedd, in collaboration with Coopers & Lybrand, will advise on the privatisation of Centrum Department Stores; N.M. Rothschild on the sale of a further tranche of shares of Ibusz, the national travel agency; and Nomura International on the privatisation of Richter Gedeon, Hungary's largest pharmaceuticals manufacturer.

Shortlisted but disappointed bidders will get another bite in subsequent privatisation batches.

"We don't want to ruin their appetite for Hungary," said Mr Andras Hegedus, SPA chief councillor.

Mr Hegedus added that the SPA would launch the privatisation of the construction industry – a promising sector – in January.



Worst result for the Social Democrats since 1950s ■ Greens out of the Bundestag

German election leaves left in state of shock

By David Goodhart in Bonn

THE GERMAN left is in a state of shock following Sunday's general election. The left-inclined west German Greens are out of the Bundestag and the Social Democrats' 33.5 per cent is their worst result since the late 1950s. "The Red-Green dream is over for 10 years at least," said a close adviser to the SPD challenger, Mr Oskar Lafontaine, who was, to many people, the embodiment of that dream.

Whether Mr Lafontaine himself is a busted flush is not yet certain. Many party activists believe the nature of his campaign, and perhaps even his personality, caused the SPD to lose more heavily than was necessary, especially in east Germany.

Lafontaine supporters point to his success among younger voters as evidence that their man has a future. According to one polling organisation Mr Lafontaine was indeed the preferred Chancellor of 51 per cent of the under 40s, compared with Mr Helmut Kohl's 44 per cent.

Tearful Greens board member Elke Kiltz is comforted by a friend after learning that the party failed to win enough votes in Sunday's election to give it seats in parliament

But in a fast ageing society the under-40 vote may not be a firm foundation. And, in any case, Mr Kohl, brandishing statistics of his own, said that among the 18 to 24 age group the CDU won 37 per cent compared with the SPD's 33 per cent. Lafontaine supporters also point to his success in luring away a slice of the Green vote and argue that traditional Social Democrat politics and the new Green agenda can now be combined under one SPD roof.

But that is a very mixed blessing for the SPD. It means accepting that the "core" SPD vote may have fallen to as little as 30 per cent. And by forcing the Greens out of parliament and returning to pre-1980s three-party politics the SPD has killed off a potential coalition partner.

Mr Lafontaine now has to decide whether he wants to take over the SPD chairmanship, stay in Bonn, and prove himself (to his party and the electorate) as an opposition leader. Many believe that if he turns down that opportunity he will not survive as a national politician.

His opponents are already pointing out that the best hope of power for the forseeable future lies in a grand coalition with the conservatives and that "our Oskar" is too abrasive for such arrangements.

And what of the Greens? Most younger left-of-centre voters are sad to see the end of their distinctive contribution to German political life. The party will continue to have some influence through supporters in academia and the media and through the representation of the east German Greens in the Bundestag.

But thanks to a chaotic and ultra-democratic party organisation the Greens depended on their Bundestag members to provide a national focus, and without them it is hard to see the party getting back. Bundestag membership also provided DM10m (£3.4m) in cash a year and a staff of 250 workers who are now all looking for jobs.

German unity may merely have hastened the demise of the Greens. Arguably by "greening" the other parties during the 1980s they had fulfilled their task. Also, as several prominent members of the party's pragmatic "realo" wing pointed out yesterday, the lack of professionalism, and constant in-fighting, contributed to their fall.

The realos, who were most popular with Green voters, lost their control of the party earlier this year to more leftist ecologists. Unless the Greens in Hesse, a realo stronghold, succeed in forming a Red-Green government in the state election next month, the realos will probably give up politics or join the SPD. That could provide a much needed boost to Mr Lafontaine.

Haussmann departure takes Bonn by surprise

By David Marsh in Bonn

THE BONN Economics Ministry, because of its role in providing inspiration for the country's post-war economic "miracle", is one of the few areas of the German government with a place in popular folklore.

In recent years, however, the mythology has started to run distinctly thin. After yesterday's surprise announcement of the resignation of Mr Helmut Haussmann, the economics minister, it may have ebbed away altogether.

The spiritual home of Mr Ludwig Erhard, the legendary Economics Minister between 1949 and 1963, has during the past decade not been a happy place.

Mr Haussmann, 48, departs to take up an undefined post in private industry, following a tenure of less than two years during which he failed to stamp his imprint either on the ministry or on the Bonn government. He succeeded the almost equally luckless Mr Martin Bangemann, who was shunted sideways at the end of 1988 to join the European Commission.

ELECTION RESULTS

Party	% vote*	seats†
CDU/CSU	43.8 (44.3)	319 (305)
SPD	33.5 (37.0)	239 (226)
FDP	11.0 (9.1)	79 (57)
Greens/Alliance90	5.1 (8.3)	8 (1)
Others	6.6 (1.4)	17 (24)

*Comparative figures in brackets. *West German general election, January 1987. †Enlarged German Bundestag October 1990*

Mr Haussmann has been widely criticised – including from within the upper echelons of his Free Democratic Party (FDP) – for failing to give a lead in the economic policies of German unification.

His resignation statement yesterday provided an ironic postscript to Sunday's general election, where the FDP was the only party to increase its share of the votes. A ministry spokeswoman who hastily arranged Mr Haussmann's farewell news conference said: "We are as much surprised as everyone else."

A senior official in the ministry said he shared the general surprise. Commenting on the recent sniping on Mr Haussmann, he added: "I thought he had overcome it."

Because of the somewhat depressing demands of coalition arithmetic, the Economics Ministry job will automatically fall to the FDP. The main contenders to take over are Mr Jürgen Möllemann, the education minister, and Mr Hermann Otto Solms, deputy chairman of the FDP parliamentary grouping.

Mr Möllemann has the backing of Mr Hans-Dietrich Genscher, the FDP foreign minister, as well as a highly energetic desire to occupy the newspaper headlines. But it seems unlikely that either candidate will be able to do much to restore the ministry's former reputation as an economic policy hotbed.

Compounding the problems, the government is in the throes of choosing a successor to Mr Otto Schlecht, the state secretary who has been the bedrock of the Economics Ministry since 1973, and who retires at the end of the year. To lose a young glad-handing minister may be unfortunate. When the key state secretary is leaving too, it begins to look like carelessness.

EC urged to act faster on economic union

By Peter Norman, Economics Correspondent

EUROPEAN Community central bank governors have urged EC finance ministers to work faster towards European economic union, to match the progress that the bankers have made in completing the draft statute for the proposed EC central bank.

In a report to ministers accompanying the draft statute, the governors warned that the proposed European system of central banks and the European central bank itself will only be able to operate successfully and achieve their goal of price stability "if adequate progress has been made in the economic field, in particular with regard to ensuring budget discipline".

According to European monetary officials, the warning reflects much slower progress by EC finance ministries in defining the economic as opposed to monetary conditions for the final, third stage of the Delors programme for economic and monetary union.

The apparent lack of progress has caused some concern because European leaders meet in Rome on December 15 to start an Intergovernmental Conference (IGC) that will decide how the community should proceed towards Emu.

The EC's monetary committee, which brings together top-level finance ministry and central bank officials, produced a document in July which listed the economic problems on the way to Emu, such as the need to achieve an adequate convergence of economic performance in the EC member states. But the officials said it merely sketched out solutions.

The 41 articles of the planned EC central bank system, by contrast, encompass the institutional and organisational rules for the system that is to be set up after the EC member states have decided to replace their national currencies with a single currency.

The statute, which was approved by ministers at an informal meeting near Milan over the weekend, establishes that the bank's prime goal should be the achievement of monetary stability, that it should be independent and have a federal structure.

However, in the report accompanying the statute, the bank governors stressed that they had not dealt with certain technical questions and "complex issues of transitional arrangements" between the current first stage of Emu and stage three.

The articles in the statute concerning the transitional arrangements, such as the preparatory steps for Emu in stage two, the transition to stage three of Emu, how to start up monetary union and the implications of countries going ahead with union at different times have all been left blank.

At present, the only comprehensive proposal for stage two of Emu is the UK government's plan for a hard Ecu parallel currency that would be managed by a European Monetary Fund. The bank governors said they intend to complete the parts of the statute concerning transitional arrangements during the IGC negotiations.

Tyminski proves no local hero for Canada's Poles

Walesa's rival for the presidency is viewed with suspicion by the emigré community in which he lives, writes Bernard Simon in Toronto

FAR FROM cheering on the hometown lad, the leaders of Toronto's 60,000-strong Polish community are pulling every lever they can to thwart Stanislaw Tyminski's ambitions to defeat Lech Walesa next Sunday to become Poland's next president.

Resentful of his business success and suspicious about his background, Polish-Canadians have been far less enthusiastic than the Poles themselves about supporting his presidential bid. He gained only 10 per cent of the votes cast in Toronto and less than 7 per cent in Montreal in the first round of the presidential election on November 25.

Mr Tyminski was virtually unknown among Toronto's close-knit Polish emigrés until he published a book on Polish politics earlier this year and declared his candidacy in the presidential elections. The book was written with Mr Roman Samsen, who worked on Trybuna Ludu, the Polish Communist party daily.

What Poles everywhere want to know is whether Mr Tyminski has any links with Poland's former Communist regime.

His only known political activity previously is his leadership since last May of Canada's tiny Libertarian Party, a group whose platform includes low taxes and free trade.

But in this instance gossip and rumour are often confused with fact. Some Poles in Toronto allege that Mr Tyminski misrepresented his mother's maiden name to the Polish election commission – to hide her Jewish background – and that he travelled via Libya on many of his trips to Poland in the past 20 years.

Yet nothing conclusive has so far emerged to show that Mr Tyminski has been put up by the former Communist regime. Aged 42, he apparently combines the unexceptional lifestyle of a hard-working entrepreneur, with the mildly exotic background of years spent in Sweden, Peru and Canada.

Described by local acquaintances as determined and sometimes hot-tempered, he lives in an upper middle class, but by no means wealthy, neighbourhood in Toronto's west end with his second wife, Graciela, and three children. He remains on good terms with his first wife, a Finn, who has a house only three blocks away with their teenage son.

Yet there is a question mark over his financial circumstances. Mr Tyminski, a self-proclaimed millionaire, has yet to explain clearly where the money came from to buy the cable-TV station, restaurant and fresh-produce farm which he owns in the jungle city of Iquitos, Peru, or to finance his investment in Transduction, the Toronto-based computer systems company.

Transduction has the reputation of being a successful, medium-sized enterprise. Mr Tyminski's business partner, Mr Frank Ollie, says that annual turnover is between C$5m (£2.2m) and C$10m, but he declines to disclose profits. The business operates from a single-storey building which Mr Tyminski bought last year for just over C$500,000. It is located in a new industrial park close to Pearson International airport.

Customers speak highly of Transduction's products. One, an industrial computer terminal called the Black Beast, won an award as the best Canadian high-tech product four years ago. Transduction has also pioneered the optic isolator, a complex device which enables power utilities to transmit data without high-voltage interference from transformers to computers.

Mr Ollie says Mr Tyminski is associated with a number of other companies, but he declines to identify them. Mr Ollie promised last week that Mr Tyminski would make a full declaration of his business holdings if he came second in the first round of the election. But no such declaration has yet been made.

Solidarity supporters heckle at rival's rally

By Christopher Bobinski in Warsaw

SOLIDARITY supporters chanting "Lech Walesa, Lech Walesa" yesterday tried to break up an election rally in Warsaw organised by Mr Stanislaw Tyminski, the Polish-Canadian businessman standing for president in next Sunday's election.

Several hundred of the 2,000-strong crowd, which mainly comprised supporters of the emigrant politician, chanted slogans. Mr Tyminski, a slim figure in a grey business suit flanked by Graciela, his Peruvian-born wife, sought to make himself heard over the din.

During the hour-long meeting, Mr Tyminski said his programme differed in no way from that of Solidarity in 1981 and that he was fighting for "real independence from the financiers". The reference clearly marked an attack on the government's IMF-approved austerity programme authored by Mr Leszek Balcerowicz, the deputy premier and finance minister.

As the mainly young Solidarity supporters chanted "Poland is here, Poland is here" – a favoured cry in the face of riot police – Mr Tyminski said one victory had been that "Mr Balcerowicz would no longer be deputy premier".

"Billions and billions of dollars are leaving our country without bringing any benefits to our people," he said.

"KGB, KGB" chanted back his detractors, repeating Mr Walesa's charge that Mr Tyminski was heading a coalition organised by the Communist old guard keen to regain its former position.

EC progress on single investment market

By Lucy Kellaway

THE PROSPECT of a single European market in investment services improved yesterday, as finance ministers discussed a plan that would satisfy both Britain's demand for a flexible securities markets and the French desire to limit trading to recognised exchanges.

Last month's division of opinion threatened to hold up agreement on a directive that would give securities firms a single passport to business anywhere in the Community.

The French had argued that in the interests of consumer protection, trading should be restricted to recognised exchanges, whereas other member states, including Britain, had said that this would hamper competition.

The UK also feared that the business of Seaq International, the London screen-based system for share dealing, could be threatened if recognised exchanges were given a monopoly of the business.

A compromise discussed yesterday would allow member states to limit trading to a recognised market only in restricted circumstances.

The investor would have to belong to the same country that was imposing the restriction and be dealing in a small number of shares, and the company would have to use the market as a way of raising capital. In these cases trading could still take place on other exchanges so long as the investor had given his permission.

The exact working of the compromise remains to be worked out – member states did not agree yesterday on how formal this permission should be, nor on the minimum size of transaction to be covered.

Less progress was made on price transparency. The French repeated that all deals should be reported publicly at once. The UK was concerned about the effect this would have on market liquidity. The Commission's compromise suggested all transactions should be reported to the authorities within 24 hours.

Fears of an early westward exodus by millions of Soviets appear unfounded

Reports of a widespread famine this winter may also be exaggerated, writes Quentin Peel

REPORTS of the mass migration of starving or jobless Soviet citizens, now circulating in neighbouring countries, are being dismissed as grossly exaggerated by both Soviet officials and western diplomats.

Despite the obvious economic dislocation in the USSR and the prospect of a further sharp decline they believe that is unlikely to be translated into millions of involuntary emigrants, as reports in Finland, Poland and Czechoslovakia have recently suggested.

They also discount fears of mass starvation this winter, although food *distribution*, as opposed to food production, is becoming increasingly erratic.

On the other hand they fear that rumours of a mass exodus are being used to delay the passage of a liberal emigration law, which would abolish the present system of rigid travel restrictions.

"I honestly believe that all this concern about hordes of people from the Soviet Union crossing the borders and invading the rest of Europe is misplaced," a senior western diplomat said last week. "I don't see it happening."

Far from the USSR being on the brink of famine, what evidence there is suggests that the country is still producing the same volume of food as it has in recent years, but that traditional distribution has collapsed.

Instead of the urban areas receiving top priority, agricultural areas are keeping a higher proportion of their output – for themselves, for barter for building materials and the like, or for resale in the high-priced unofficial markets. What is happening is not starvation, but inflation.

That may no longer be true by the end of winter, if the distribution problems are not resolved. Whatever happens it will be the urban areas, rather than the predominantly agricultural regions along European borders, which would be worst hit.

A major constraint on Soviet mass emigration is transportation.

Airline and rail seats out of the country, available for Soviet citizens (as opposed to foreigners paying in hard currency) are booked up for months ahead. The only alternative is road transport, and private cars are few and far between.

"Talk of 10m emigrants is nonsense," according to one European diplomat. "That isn't to say millions would not go if they could. But you could not get 10m Russians out of the country with the transportation they have."

However, the east European fear is also obviously directed at the plan for the new emigration law, which would simply lift the traditional Soviet restriction on the right to leave and re-enter the country.

Until now, none of the east European countries bothered to have a visa regime with the USSR – because Moscow simply controlled it all at home. Now they need one, but their economic plight means they cannot afford the expense of setting it up.

Not only that. Countries such as Finland relied on the huge force of Soviet border guards, under the command of the KGB, to present an impenetrable barrier to emigration, and therefore did not have to implement many controls themselves.

So far the new law has been twice postponed for presentation to the Supreme Soviet, the national parliament, beyond apparently firm deadlines. It was supposed first to be passed by June – in time for the Washington summit between Presidents Bush and Gorbachev – and then, by the end of November.

The US government has pushed strongly for the new emigration law, linking it to the granting of Most Favoured Nation status to the Soviet Union.

"We want people to have the right to leave their country and return to it," a US official said. "That doesn't mean they have the right to enter any other country. It isn't going to be easy for them at all."

Moreover, Mr Nikolai Smirnov, deputy head of the human rights department in the Soviet Foreign Ministry, said the numbers of emigrants would be in "hundreds of thousands, rather than millions".

He said that in the first 10 months of this year, 336,000 people had left the Soviet Union permanently; he expected the figure to reach 400,000 by the end of the year. Of those, 200,000 went to Israel, 105,000 to Germany, and the third largest number, 20,000, to Greece.

That compares with 235,000 permanent emigrants in 1989, so the figure has obviously increased sharply.

However, Mr Smirnov said: "when we speak about emigration, we should also consider the willingness of the receiving side. Forecasts that our best brains will flee abroad are emotional and have an element of sensationalism."

This is the first of a two-part series on the possible mass dislocation of Soviet citizens. The second article, which will also appear on the foreign pages, will focus on domestic refugees from ethnic and nationalist upheavals.

Accord nearer on drug money

By Lucy Kellaway in Brussels

THE European Commission's controversial plans to make money laundering a criminal offence yesterday cleared an important hurdle, when member states found a way around their central objection that Brussels was interfering with their criminal law.

While finance ministers accepted the principle that it should be a crime to launder money, they were unhappy about a proposal from Brussels in an area that they regard as their own concern.

However, a swift piece of legal sleight of hand was agreed yesterday in which the reference to criminal law would be removed from the directive, and replaced by an agreement between governments (thus bypassing Community institutions) to make money laundering a crime.

At present, dealing in drug money is a punishable offence in only half the member states. Many of those in which no law exists at present are already in the process of making it illegal.

Ministers expressed doubts about two new aspects of the proposal, making it unlikely that Sir Leon Brittan, the finance commissioner and keen promoter of the directive, will succeed in getting agreement by the end of the year.

Some countries are worried about the scope of the directive, which also covers money from terrorism and other serious crimes. It was argued yesterday that the definitions were too vague and that the directive should be limited only to drugs.

A second problem was over the obligation of the bank to supply to the authorities information of any suspicious transactions. Germany feared that it clashed with its laws under which people who have been wronged by a disclosure can seek legal redress. The matter was seen as fundamental; Sir Leon pointed out that without compulsory disclosure of suspicious transactions, the directive would be barely worth having.

UK companies offer to help Ukraine

By Anthony Robinson, East Europe Editor, in London

A CONSORTIUM of leading UK food-processing companies is presently in the Ukraine investigating the feasibility of creating a modern integrated food chain in an attempt to eliminate the waste and spoilage which has brought many areas of the Soviet Union to the brink of widespread hunger this winter.

The consortium is offering to help implement plans for new food production and distribution systems which would reduce wastage in harvesting, storage and transport, raise product quality and extend shelf-life and transportability by new packaging.

The Ukraine, with a population of 52m inhabitants, is the second largest of the 15 Soviet republics and is pressing hard for sovereign independence within a looser, federal Soviet system.

The huge agricultural potential of its rich black earth and its relatively temperate climate has been severely under utilised due to forced collectivisation in the 1930s.

This has been further aggravated by a wasteful and inefficient transport, marketing and processing network.

Mrs Margaret Thatcher, the former British prime minister, underlined the United Kingdom's committment to closer ties with the republic last June when she visited a special British trade fair in the capital Kiev.

Members of the British Food Consortium for the USSR, set up last year, include the Vestey Group – whose consulting arm, United International, is leading the current study. Other members of the consortium are Allied Lyons, APV, Booker Tate, the construction company Taylor Woodrow, United Biscuits and the merchant bank Morgan Grenfell.

Proposal to ban tobacco advertising

By Lucy Kellaway in Brussels

THE European Commission is to propose a complete ban of all tobacco advertising in the Community, following the failure by health ministers to agree a directive that would have encompassed more modest restrictions.

The proposal rejected yesterday would have involved compulsory restrictions on advertising in newspapers and magazines and on billboards. While some advertising would have been permitted in these media, it would have been illegal to show any more than the outside of the tobacco packet, or to make any claims about the product at all.

The tobacco and advertising lobbies had been up in arms over the directive, which yesterday was thrown out by UK, West Germany and Holland on the grounds that such restrictions cut across voluntary agreements with industry already in place.

Countries in which a total ban on cigarette advertising exists were also unhappy about the proposal, as it would have forced them to sell magazines from other countries containing tobacco advertising. These countries were strongly in favour of the Commission producing a directive for a complete ban.

The new tougher proposal is not likely to be received any more favourably than the last one by the UK, West Germany and the Netherlands, which are likely to remain a blocking minority. The UK doubts the necessary link between cigarette advertising and smoking.

Officials cited figures that showed cigarette consumption in Spain and Portugal rising since advertising had been banned, whereas in the UK, where a limited amount of advertising is allowed, smoking had fallen.

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Labour backs leader and outlines policy on Europe

By Ivo Dawnay, Political Correspondent

European vision: Roy Hattersley, the Labour deputy leader, outlines the Opposition's alternative policy on Europe. He said the left-of-centre party endorsed moves towards closer European integration and a European central bank sited in London

BRITAIN'S Opposition Labour party yesterday moved rapidly to crush doubts over Mr Neil Kinnock's leadership when the issue was raised at a conference intended to launch the party's education policy.

Questioned on an opinion poll indicating that Labour's election chances would be greater under another leader, a clearly irritated Mr Kinnock dismissed the suggestion as "absurd."

The NMR poll published at the weekend showed Labour's eight point deficit would become a two point lead over the Conservatives if Mr John Smith, Labour's finance spokesman, was leader.

Meanwhile, Mr Roy Hattersley, the labour deputy leader, yesterday outlined the left-of-centre party's strategy on Europe.

In a speech intended to add flesh to the position paper on monetary union unveiled last week, he gave Labour's fullest endorsement yet to the objectives of a single EC currency and a more closely knit community.

Mr Hattersley said the goal of full employment throughout the European Community should be a statutory obligation of a new European Central Bank.

But he also put heavy emphasis on the need for a strong supply side component in the creation of an integrated EC economy.

Speaking at a Labour conference on The Future of Britain in Europe in London, he underlined the need for political supervision of the integration process by the Council of Economic and Finance Ministers (Ecofin).

This would first supervise the "hardening" of the exchange rate mechanism and the co-ordination of national banks, alongside the development of regional policy and other measures to help towards the convergence of national economies.

When a Central Bank is set up, Labour would push for "the pursuit of full employment" to be among the statutes govering the bank's conduct," he said.

"Monetary stability, preserving the value of the currency and aiming for zero inflation are admirable objects," Mr Hattersley observed.

"But whilst they must be part of the bank's duties they are not in themselves enough."

The party's deputy leader gave a stern warning as to the disadvantages of Britain reacting negatively to the moves towards further integration.

He also criticised those arguing that the process would undermine natonal sovereignty. "Sometimes by pooling sovereignty we increase it," he said, pointing out that British interest rate policy was already forced to move with the German Bundesbank.

Mr Hattersley's speech was instantly attacked by the government yesterday. Mr Tristan Garel-Jones, minister of state at the foreign office, said that it revealed "no ideas" for a flexible and sustainable path towards monetary union.

"We all know what Labour mean by supply-side improvements: they mean massive extra public expenditure wihtout tackling the real supply side by improving incentives and making the economy more competitive and efficient," he said.

Pensioners win court victory in fund dispute

PENSIONERS have won a sweeping court victory in their dispute with Imperial Tobacco, part of Hanson, over the future of their £1.3bn fund, writes Eric Short.

In a full judgement likely to have wide implications for company pension schemes, Sir Nicolas Browne-Wilkinson, the vice-chancellor was highly critical of the Imperial Tobacco's actions in its treatment of pensioners.

This judgement, said Sir Nicolas, the senior judge of the chancery division, said centred on the assertion that the company had a duty to act in "good faith" when making decisions concerning the pension scheme.

He added that: "The duty of good faith requires the company to preserve its employees rights and pensions fund; not to destroy them".

The case arose when pensioners were faced with a choice of switching out of their scheme, which was closed to new members and where the surplus, put at £130m, was denied to the company into another open scheme within the group, where the company could use the surplus for its own benefit.

Pensioners were promised higher pension increases in the new scheme in return for a possible cut in their current pension but warned that their pension increases could be limited to 5 per cent as guaranteed in the rules if they stayed in the old scheme.

Sir Nicolas wanted to know why the Company was seeking to induce members of the fund to give up their rights and transfer to another fund rather than consent to alter the rules of the existing fund.

Mr Peter Turner, a director of Imperial Tobacco, said old proposals put to the fund members inviting them to transfer into the new retirement benefit scheme had been "deferred."

Mr Giles Orton, of solicitors Evershed Wells & Hind, acting for the pensioners action group, said that the ruling provided an important new safeguard for pensioners. "Companies can no longer claim absolute powers to manipulate pension schemes."

Tories dismiss allegations over black candidate

THE ruling Conservative party yesterday dismissed as "nonsense" any suggestion that it had forced a constituency in western England to accept a black candidate as the prospective MP to fight the next election, writes Ralph Atkins.

Mr John Taylor, a 38-year-old councillor in Solihull, West Midlands, was the only candidate put forward by the local Conservative executive for selection by party members in Cheltenham.

Local activists are understood to have protested about the lack of choice but Conservative Central Office in London, the party's national headquarters, insisted it did not favour positive discrimination and that the local party executive had behaved strictly in accordance with the rules.

Sir Thomas Arnold, the party vice-chairman, said any allegation that the local officers had been "leant on" to choose a black candidate were "complete nonsense."

Mr Taylor is only the sixth black or Asian candidate selected by the Conservatives to fight the next election.

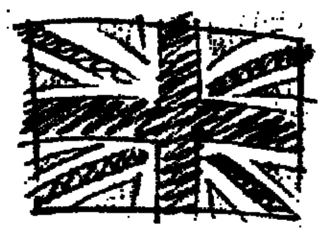
So far, he has won enthusiastic backing from Mr Major, Mr Kenneth Baker, the home secretary, and Mr Chris Patten, the Conservative party chairman. The Conservatives had a majority of 4,896 over Liberal Democrats in Cheltenham at the last election.

Mr Taylor said he was not worried about the motivation of those who resisted his selection. "The few people who stood up to oppose my adoption were not prominent local Conservatives — in fact, the executive members did not even recognise them," he said.

Tory party rules say that if a candidate interviewed by a constituency association has the backing of more than 50 per cent of the executive, the committee is entitled to put forward only one name for a vote at a full party meeting.

Mr Taylor was backed by 111 votes to 83. Mr Colin Lear, a local party member, said he and others activists were lobbying for another selection meeting with a greater choice but had so far failed to obtain a full list of local members.

BRITAIN IN BRIEF



Funds blow to N-power industry

The nuclear power industry will have to fund most of Britain's share of the European Fast Reactor project after 1993, the government has decided.

The UK, Germany and France are partners in the EFR, which may cost Britain as much as £800m.

The Commons Energy Committee issued a report in July which argued that no justification existed at present for the UK to join in the EFR. The decision suggests that the funding burden would fall on the UK nuclear industry.

Gloom in 1991 in construction

Conditions in the UK construction industry, already in a severe decline, are expected to get even worse next year according to one of the industry's foremost forecasting bodies.

The National Council of Building Material Producers forecast that UK construction output was likely to fall by 6.5 per cent next year.

Previously the council had forecast that output would decline by only 1.5 per cent in 1991.

Service seen key to retail

Retailers who place emphasis on providing good levels of service will win customer loyalty and establish themselves as market leaders, according to a survey by Leo Burnett, the advertising agency.

The poll of 400 shoppers showed that standards of service on the high street were generally improving although some sectors, such as electricals and Do-It-Yourself, continued to have a poor image among customers.

State pension rules challenged

State pension scheme rules, under which men have to make National Insurance Contributions for five years longer than women before they can qualify for a full pension, are to be challenged in the European Court of Justice.

The High Court in London ruled that the European Court should decide whether the operation of the State pension scheme breaches an EC sex equality directive.

London orbital to be widened

Britain's busiest road, the M25 London orbital motorway, is to be widened to five lanes in some sections to help ease increasingly severe traffic congestion.

According to the Department of Transport's traffic consultants, M25 traffic volumes could be up to 96 per cent heavier in 2007 than they were just after the motorway's opening in 1987.

The Transport Department has already announced a £1bn plan to widen all three-lane sections of the M25 to four lanes except for the environmentally-sensitive Swanley-Sevenoaks section in Kent.

Saatchi in media move

Allied-Lyons, the food and drink group, is centralising its £45m media buying through Saatchi & Saatchi, the advertising group, in a move which creates one of the UK's largest centralised media buying accounts.

Media buying is the process of placing ads in the media by buying television airtime and newspaper space. The news of the Allied media account gain comes at a propitious time for Saatchi which is due to publish its preliminary results tomorrow.

New proposals for unit trusts

The Securities and Investments Board has proposed sweeping changes to the way UK unit trusts are regulated, including new provisions for authorised futures and options unit trusts.

The SIB has proposed the introduction of four categories of authorised unit trust: low-risk futures and options funds, higher-risk or "geared" futures and options funds, warrant funds and property funds.

The SIB has asked for comments by the end of February, after which proposals will be put forward to the Secretary of State for Trade and Industry for approval.

War crimes pressure

Mr John Major, the prime minister, is to come under pressure to make an early statement about the future of the war crimes legislation which would enable alleged Nazi war criminals in the United Kingdom to be prosecuted.

The bill was defeated by the House of Lords earlier this year by a majority of around two to one, but in its statement of the forthcoming legislative programme at the beginning of November, the government said that it would still seek to enact the provisions.

'Security eased' before disaster

A former Pan Am security chief said that the airline was given official permission to ease airport security measures a year before the Lockerbie bombing which blew up a Jumbo jet and killed 270 people.

Mr Daniel Soneson, who was Pan Am's systems director of corporate security for over three years, said the Federal Aviation Authority allowed his company to X-ray passengers' luggage as an alternative to a hand search but admitted there was no written record of the decision.

Public offers Soviet aid

The Soviet Embassy in London said its phones "had not stopped ringing" with offers from the British public to help supply the Soviets with food.

The response followed a letter to The Times newspaper by Mr Leonid Zamyatin, Soviet ambassador in London, asking for financial aid rather than food supplies.

UK NEWS

Council unit owes £5.17m to Swiss

Credit Suisse likely to bring test case on loan

By John Authers

A COUNCIL voted yesterday to liquidate a subsidiary company, which owes £5.17m to Credit Suisse, the Swiss bank, raising the prospect of a legal test case affecting the ability of local authorities to seek bank lending.

Allerdale District Council, in Cumbria, north-west England, had guaranteed repayment of a loan made by Credit Suisse to Allerdale District Developments, a timeshare company the council set up in 1985.

The council said it expected Credit Suisse to take legal action for recovery of the debt. It said Credit Suisse had been told of the decision to liquidate the company, but the bank was not available to comment on the issue yesterday.

Many councils set up companies to raise extra funds, though recent government legislation could reduce their scope for doing this. Allerdale set up a company which built chalets on a timeshare basis in which several owners own the whole or part of a property for part of a year over a number of years.

The case could act as a test of councils' right to make guarantees, and could affect the majority of local authorities throughout England and Wales.

Allerdale District Developments was set up to build properties in the English Lake District.

The company was unable to keep up with revenue forecasts, and the council fell behind in loan repayments to Credit Suisse.

On November 23, the district auditor for Cumbria said the council had acted beyond its powers in guaranteeing the loan, and that it would be illegal to continue providing financial support.

He added: "The company is hopelessly insolvent and must cease trading if its directors are not to expose themselves to personal risk."

Mr Harry Davies, of CSL, the public sector management consultants, said the Audit Commission apparently wanted to force the issue into court, in the same way as the case involving local authorities' ability to enter into money market swaps.

"This is a very grey area, and a lot of local authorities will be looking at this with keen interest," he said.

Mr Tony Perry, Allerdale's chief executive, said that high interest rates and adverse publicity for the timeshare industry had damaged the company.

"With the amount of money at stake, and the fact we are one of about 200 local authorities that have given guarantees, it is bound to be fought through to the House of Lords. There's too much at stake."

End to Cold War sends shudder through industry

David White examines the effects of government cuts and falling orders on defence manufacturers

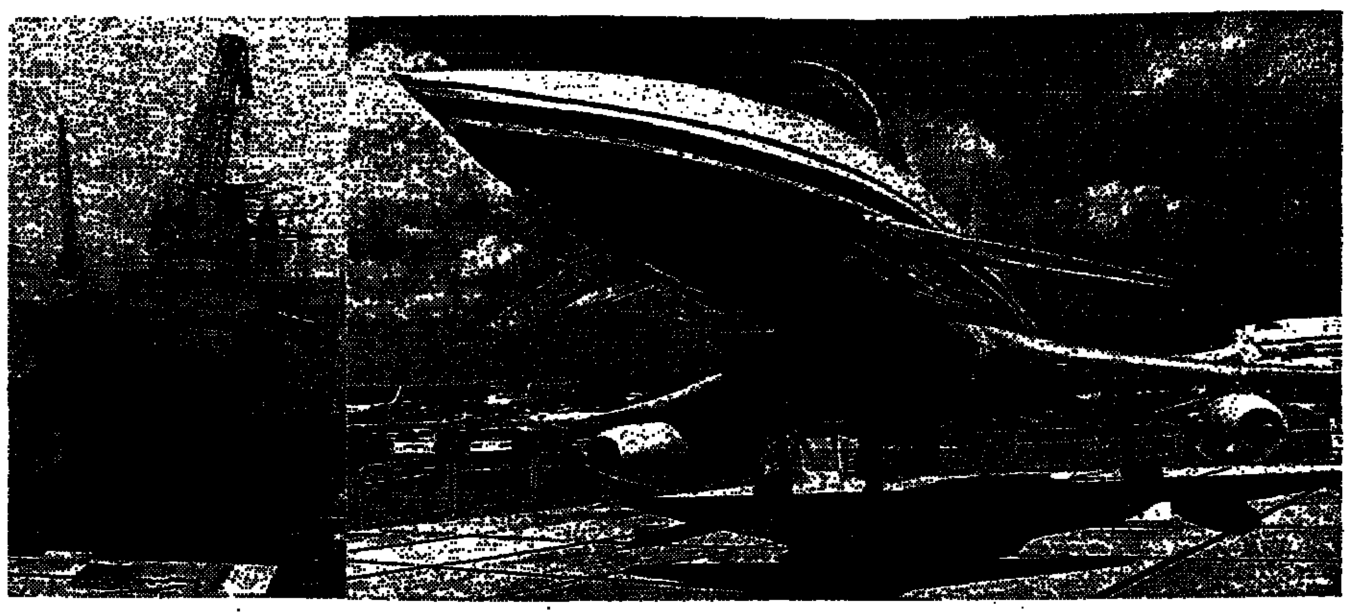
THE passing of the Cold War has sent billows of icy air eddying around even the most profitable parts of the UK arms industry.

Plans by British Aerospace (BAe) for closing its plant at Kingston upon Thames and its Preston factory in north-west England – at a cost of 5,000 jobs – represent the biggest cutback since the government announced the outlines of its defence review in July.

Retrenchment in the British defence industry began well before then. In the previous 18 months, for instance, 5,000 jobs went at BAe's missile division, with its manufacturing sites cut from nine to five. But new realities have caught up with arms contractors faster than they expected.

A year ago they were saying it was too early to judge the implications of changes in eastern Europe and prospects for defence spending. They still have few indications of where the cuts will be made – a broad statement of government intentions reducing the defence budget by 6 per cent in real terms over the next three years. But they know enough to be certain that there is no respite just around the corner.

"If the British government holds the line on further defence cuts, and the international environment deteriorates again by the mid-1990s, then the UK defence industry will try to adjust in the traditional manner relying on corporate restructuring, increased arms exports and acquisition of civilian firms rather than diversification by internal development," Mr Peter Southwood, an independent consultant, said in a recent report.



Under threat: naval shipyards on Tyneside (above) and the European Fighter Aircraft, which has yet to fly

He concluded, however, that the industry was "wholly unprepared" for peace.

Since the summer, General Electric Company's newly-acquired GEC Ferranti electronics in Edinburgh, winner of a crucial contract to lead the development of a radar for the European Fighter Aircraft, has announced the loss of up to 550 jobs. Smiths Industries, a company with a large stake in the US market and a buoyant civil business, is reducing by 450 at its Cheltenham avionics plant. At the VSEL shipbuilding group, the UK monopoly in submarines, more than 2,000 jobs are due to go this year and next, with more cuts almost certainly in store, and the group's Cammell Laird subsidiary in Birkenhead, near Liverpool, with a further 2,100 employees, is scheduled either for sale to the civil sector or, more probably, closure.

Analysts believe that the Gulf crisis, if it erupted into war, would have no more than a temporary effect in dispelling the cold. In the short term a conflict would bring new orders to replace equipment lost in the fighting. The long-awaited verdict on a new tank for the army – between Vickers' Challenger 2 and its US rival, General Dynamics' M1A2 – has been put off until the spring because of the crisis. A conflict could swing that decision either way. It could vindicate the army's current Challenger 1, from which the new Vickers model has been developed. Or it could convince the army that it needs a tank with a similar gun and similar ammunition to the Americans'.

In the longer term, however, the prospect of new business geared to "out-of-area" operations such as the Gulf would appear largely illusory. There will be a requirement for more versatile and mobile equipment, but this would be the case anyway as part of the adaptation to lower force levels in Europe. Equipment numbers will be cut back. Reductions by the UK and its Nato allies are expected to go some way beyond the cuts agreed under the Conventional Armed Forces in Europe (CFE) treaty.

A revival of export business in the Middle East would only partly compensate, and markets both there and in east Asia, are becoming ever more competitive as US, French and Soviet producers seek overseas outlets.

Large questions hang over a number of defence equipment sectors in the UK. Highest in profile is the £25bn European Fighter Aircraft, now in development. German withdrawal from the production stage of the four-nation fighter is a distinct possibility, and it is uncertain how and in what form the project might survive.

Almost three years into full-scale development, it is late in the day to start contemplating new industrial partners. The "in service" date is in any event expected to be delayed beyond the 1996 target.

BAe, at its main military aircraft plant at Warton, Lancashire, faces a long gap in deliveries of new aircraft. By the time the first British EFA prototype flies, three months after the first German prototype in early 1992, its work on Tornado aircraft currently on order will have run out. The only further order in prospect is a revival of Saudi plans to buy more of the bomber version of the Tornado, but that has yet to be settled.

In missiles, BAe's strategic gambit – a joint venture with the French electronics company Thomson-CSF aimed at creating a dominant, integrated European producer – is at the mercy of the Monopolies and Mergers Commission. And its most important new project in the field, the Asraam advanced short-range air-to-air missile, meant as a replacement for the US Sidewinder, is up against competition from a cheaper French weapon being proposed to the Ministry of Defence by GEC-Marconi.

Nowhere, however, do the winds blow as bitterly as in the shipyards. Even with Cammell Laird's exit from navy business, the UK still has four companies making warships: Swan Hunter on Tyneside in the north east; GEC's Yarrow subsidiary on Clydeside; VSEL at Barrow in the north west; and Vosper Thornycroft at Southampton which all admit that they have too many yards chasing too few orders.

Surge in borrowing makes cut in UK interest rates doubtful

By Rachel Johnson, Economics Staff

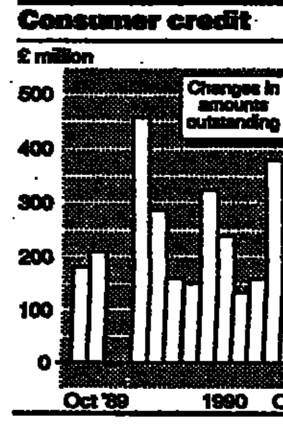
EXPECTATIONS of a cut in British interest rates by Christmas were yesterday put in doubt as official figures revealed a borrowing surge in October.

UK consumers are spending heavily with credit cards even though retail sales have collapsed in the recession, according to the figures.

This evidence of continuing demand coincides with increasing pressure on the government to ease interest rates and stimulate the economy back to growth. City economists have been expecting the Treasury to cut base rates to 12 per cent in January. In the money markets, traders are discounting a cut of up to one percentage point by Christmas.

Economists were, however, yesterday trimming expectations after the release of yesterday's credit business figures. The Central Statistical Office announced the increase in the amount outstanding on consumer credit agreements was £368m in October, indicating that September's £377m high was not the erratic jump many economists had presumed.

Consumer credit



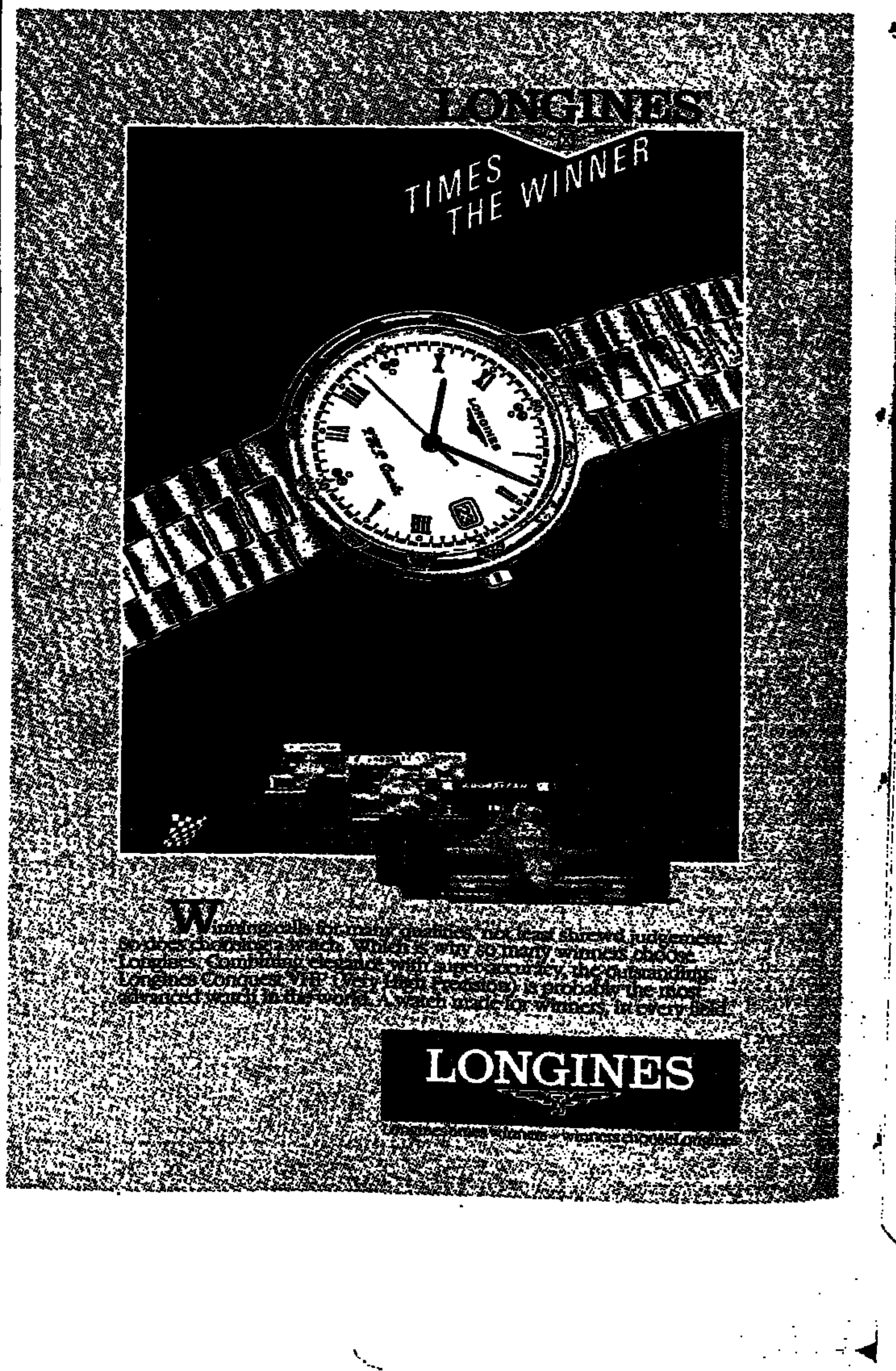
The amount of new credit advanced in October was £4.2bn, compared with £3.8bn in the previous month – a rate of growth which provides Mr Norman Lamont, the new chancellor of the exchequer, with evidence that inflationary demand pressures have yet to be squeezed out of the economy.

Analysts are puzzled by the likely causes for borrowing to reach such heights at a time almost every economic indicator and industrial survey pointed to a recession.

Mr Simon Briscoe, economist at Greenwell Montagu, said that the figures could herald a resurgence in consumer borrowing. But it was also possible that credit cards had replaced cash, helping to explain a sharp slowdown in the growth of notes and coins in circulation in recent weeks.

Alternatively, consumers could be paying off credit card debts less quickly and getting deeper into distress borrowing on credit. The amount outstanding on credit cards grew by 5 per cent to £7.1bn over the three-month period to October.

The high borrowing levels of the last two months contrast sharply with those in the three months to August, when increases in amounts outstanding to finance houses, building societies and on bank credit cards remained below £250m.



FT LAW REPORTS

Eye of equity looks behind the corporate veil

ATLAS MARITIME CO SA v AVALON MARITIME LTD
Court of Appeal (Lord Justice Neill, Lord Justice Stocker and Lord Justice Staughton):
November 21 1990

A MAREVA injunction will not be varied to allow the defendant to repay loan capital to a creditor out of frozen assets, if the defendant is wholly-owned by the creditor, and if repayment would effect an evasion of the injunction's purpose by putting assets out of the plaintiff's reach on any subsequent judgment or award in his favour.

The Court of Appeal so held when dismissing an appeal by the defendant, Avalon Maritime Ltd, from Mr Justice Hobhouse's order refusing to discharge a Mareva injunction against it by the plaintiff, Atlas Maritime Co SA.

LORD JUSTICE NEILL said that in 1987 shipbrokers asked Marc Rich whether it would be interested in buying Coral Rose. Marc Rich declined to buy in its own name, but agreed to advance sufficient funds to Avalon, a tax-exempt company incorporated in Gibraltar, purchased for that purpose by a Liberian subsidiary of Marc Rich.

Avalon bought Coral Rose for $7.92m. She required substantial repairs. On the affidavit evidence, the formation of Avalon, the purchase, repair and operation of Coral Rose, were all funded by loan to Avalon from Marc Rich.No formal loan agreement was ever drawn up, but throughout the repair period the brokers reported progress regularly to Marc Rich.

In the action Atlas claimed that on June 7 1988 Avalon had agreed to sell it Coral Rose for $15.5m, and had wrongfully repudiated the contract.

The writ was issued on March 16 1989. Mr Justice Steyn granted leave to serve outside the jurisdiction, and granted a Mareva injunction restraining Avalon from dealing with any of its assets save insofar as they exceeded $7.5m.

The injunction provided that Avalon could sell Coral Rose on condition that the $7.5m, subsequently reduced to $3m, was paid into a bank account in London.

In May 1989 Coral Rose was sold to a third party for about $10.7m. Apart from the moneys restrained by injunction, the proceeds of sale had been paid over by Avalon to Marc Rich.

In January 1990 Mr Justice Hobhouse stayed proceedings pending arbitration. On February 13 he refused an application by Avalon to discharge or vary the injunction. The basis of the application was that Avalon was indebted to Marc Rich for $7.75m, used to pay the purchase price of Coral Rose and subsequent expenses.

The judge found that arguably the relationship between Marc Rich and Avalon was, or was very nearly equivalent to, a relationship of principal and agent. He concluded that the principle requiring variation of Mareva injunctions to permit payments in the ordinary course of business, did not extend to permitting an agent to pass assets to its principal so as to be unable to meet liabilities incurred in the course of the agency.

On the facts, a relationship of debtor and creditor could be more readily inferred than a relationship of agent and principal. The evidence suggested that the parties took deliberate steps to arrange matters so that the vessel was to trade on behalf of Avalon alone, though no doubt Marc Rich was to be remunerated by dividends and other payments.

There was therefore some evidence that Avalon owed money to Marc Rich in excess of $3m. The question was whether the that debt entitled Avalon to the discharge or variation of the injunction.

Mareva injunctions often included specific provisions to enable expenses to be paid, or the court would make a variation to permit expenses to be paid or debts to be discharged.

Avalon sought discharge of the injunction to enable it to pay part of what was said to be owed by it to Marc Rich. It was recognised that if the order was made Avalon would be left without assets, but it was submitted that the court should treat the debt as an ordinary debt and the *fact* that Marc Rich was the ultimate holding company was fortuitous.

The submission was rejected. The judge's decision was upheld, though on different grounds.

In *Derby v Weldon (Nos 3 and 4) [1990] Ch 65* Lord Donaldson said the principle underlying the Mareva jurisdiction was that "within the limits of its power no court should permit the defendant to take action designed to ensure that subsequent orders of the court are rendered less effective than would otherwise be the case".

But he indicated two qualifications: (a) the purpose of the injunction was not to prevent a defendant carrying on business in the ordinary way or living his life normally pending determination of the dispute, nor to impede him in defending himself against the claim; (b) nor was it its purpose to place the plaintiff in the position of a secured creditor.

The present case was concerned with the qualification relating to carrying on business in the ordinary way.

That qualification had been given effect in many other cases. But it remained important to preserve the right balance between the parties' rights. The injunction must not be used as an instrument of oppression which would bring about cessation of ordinary trading. However, the court must consider whether variation would involve a risk that a judgment or award in the plaintiff's favour would remain unsatisfied.

Two features of the case were of particular significance.

First, the sum owed to Marc Rich was not a debt incurred in ordinary routine trading, but represented moneys advanced in effect as trading capital. Second, the close link between Avalon and Marc Rich was a factor to be taken into account when deciding how, as a matter of discretion, the interests of the ultimate holding company should be balanced against those of Atlas.

There were cases where the "corporate veil" between two companies could be pierced so that one company was to be regarded as the *alter ego* of the other. This was not such a case. Nevertheless, in the exercise of a discretion in relation to injunctive relief, the "eye of equity" (see *Jones v Lipman [1962] 1 WLR 832,836*) could look behind the corporate veil in order to do justice.

That approach was recognised by Lord Justice Danckwerts in *Merchandise Transport [1962] 2 QB 173,206* . He said "where the character of a company, or the nature of the persons who control it, is a relevant feature, the court will go behind the mere status of the company as a legal entity, and will consider who are the persons . . . who direct and control the activities of the company . . ."

A holding company was free to arrange the affairs of its group in such a way that the group's business in a particular country or for a particular project was carried on by a subsidiary. In such an event the company and the subsidiary could be regarded as two separate entities. But when it came to considering the exercise of a discretion and the scope of injunctive relief, it was then legitimate to look at all the circumstances and to examine the nature of the debt and the identity of the creditor.

Justice required that the Mareva injunction should be maintained in respect of the $3m.

The appeal was dismissed.

LORD JUSTICE STOCKER concurring, said if the Mareva were now discharged there would be no assets to meet any award made in favour of Atlas in the arbitration. Repayment by Avalon to its holding company would not be "carrying on business in the ordinary way". It would, in *effect*, be evasion of the underlying purpose of the Mareva injunction.

LORD JUSTICE STAUGHTON also concurring said creation or purchase of a subsidiary with minimal liability operating with the parent's funds and on its direction but not exposing it to liability, might not seem the most honest way of trading but was extremely common in international shipping. To hold that it created an agency relationship would be a revolutionary doctrine.

There was no justification for piercing the corporate veil so as to treat Avalon's liabilities as those of Marc Rich. It was enough to lift or look behind it to ascertain that Marc Rich was as to 100 per cent Avalon's ultimate parent. It was wholly proper, in deciding whether to permit payment by Avalon of the moneys claimed by Marc Rich, to have regard to the fact that Marc Rich was the ultimate parent as to 100 per cent.

It was just and convenient to continue the injunction, and not to permit the variation sought. The nature of the debt was repayment of loan capital.

For Avalon: Iain Milligan (Clyde & Co).
For Atlas: Kenneth Rokison QC and Alistair Schaff (Stephenson Harwood).

Rachel Davies
Barrister

MANAGEMENT: The Growing Business

Consultants 'too big' for small companies

By Charles Batchelor

MANY OF the counsellors employed by enterprise agencies throughout Britain may not be the people best suited to help small businesses grow, according to a recent study*.

A large number of counsellors are secondees recruited from large companies in the fields of engineering and banking. People with a background in middle management of large companies will not normally have been exposed to the need to develop and explore strategic business issues.

Such people tend to have a strong preference for attending to the current problems of the business and for analysing problems by paying close attention to detail.

They are strong on organisation and decision-making but weak on coping with the ambiguities and uncertainties of small business.

This means that while they are good at dealing with the immediate problems of the business, they have difficulty in assisting their clients to take a longer term, strategic view, the study says.

The enterprise agencies would be able to provide a more comprehensive service to their small business clients by recruiting from a wider base than the middle management "technicians" in finance and engineering.

Attempts should be made to recruit more people from the fields of marketing, advertising and other professions where there is a strong emphasis on the generation of ideas and on creativity, it recommends.

Recruiting managers with more strategic skills will also make the enterprise agencies more relevant to their clients as they grow. Growing businesses are expected to become an important source of revenue as government support is reduced. Helping start-ups is unlikely to produce returns needed if agencies are to be financially independant.

The Psychological Preferences of the Small Business Counsellor. Claude Lambshead. Bristol University Business Development Centre.

As the recession deepens, **Charles Batchelor** focuses the attention of this series on those who traditionally suffer from late payments

Give credit — but only where it's due

Peter Verstage, managing director of Mekvale Envelopes, was so incensed at the failure of one of his customers to pay his bills that he bought a wheel clamp to immobilise the offender's car. "I was going to leave a note to say that I would remove the clamp when he returned my calls," says Verstage.

Fortunately for the errant debtor, Verstage's solicitor advised him that direct action of this kind might have unforeseen legal consequences. But the clamp is still kept in readiness if the occasion ever again arises.

Meanwhile, Verstage has a range of other methods for making sure that customers of Mekvale, a South London envelope printer and broker with sales of £4m and 29 employees, pay their bills on time. Verstage sends a cab round to customers who say they will put a cheque in the post. This guarantees the cheque gets written and that it is paid into the company's account promptly.

One customer explained regretfully that his cheque book was in Kent but that the person authorised to provide a signature was in London. "No problem," said Verstage, who learned the wisdom of getting paid on time while working for Shell in inflation-ridden Argentina. "Fax a cheque to London. Get your man to sign it and we will send a cab to pick it up."

As the recession deepens companies are being forced to become ever more inventive in getting their money in on time. Cash flow is increasingly taking precedence over profits. Smaller companies, with their more limited resources and greater reliance on expensive, borrowed funds, are particularly vulnerable at a time when all businesses are trying to delay settling their bills.

British companies suffer more from a lax payments discipline than their continental European counterparts, according to a recent survey by Intrum Justitia, a credit management group. UK companies wait 78 days on average for their bills to be paid, more than twice as long as the 30 days most stipulate on their invoices. German and Swedish companies wait just 48 days in contrast.

Intrum calculates that small UK companies are owed more than £100bn by their customers and that the cost of this in terms of interest payments and chasing up late payers is equal to more than half the net profits of many companies.

Small firms' lobby groups such as the Forum of Private Business and the National Federation of Self Employed & Small Businesses have made repeated attempts to persuade the government to tighten the legal framework around payments. The government has responded that any measures would be ineffective and would merely create more red tape.

The European Commission, though not itself a speedy paymaster, has proved more responsive and earlier this year circulated a draft directive aimed at securing the settlement of bills within 45 days. The commission expects to report on the responses to its draft in early 1991.

But companies cannot afford to wait for official action. The key to avoiding many of the problems associated with bad debts is to plan your systems for controlling credit and managing cash flow in advance, suggests Simon Hardwick, senior partner of Hardwick & Company, a London firm of solicitors which provides credit management advice. Do not wait for things to go wrong and then try to chase customers through the courts, he advises.

Companies should start by reviewing how they use cash in their business, says Lance Blackstone, a partner in accountants Blackstone Franks. They should ask how much they have tied up in stocks, work in progress, trade debtors and other areas of the balance sheet, Blackstone says. How did a particular allocation of resources arise and who controls each area?

In the competition for resources within the business which area tends to win and why? asks Blackstone. Is there a formal planning procedure to decide how cash is allocated or does this happen by default? Every stage of the sales and production cycle should be reviewed to see if it can be shortened, if it can be started sooner and if less money can be tied up in it, he advises.

But the first step must be a credit check on new customers. Star Cargo, a Harpenden, Hertfordshire-based transport company with turnover of £18m and 170 staff, takes up trade and bankers' references and visits potential customers. "We want to see what they look like, if there is paper everywhere, how efficient they look," says John James, the chairman.

New customers are asked to sign a form indicating that they have understood Star Cargo's terms of trade – payment within 30 days. "You can embarrass them with this form later if there are payment delays," says James. He checks his customers' credit standing

MANAGING IN RECESSION

with their bankers every six months and if there is any decline in the customer's status he calls for its latest balance sheet.

These controls have been in place since Star Cargo was set up eight years ago but following a recent worsening of its bad debt experience it has imposed stricter credit limits on every customer.

Most companies allow their customers 30 or 60 days to pay but Mike Long, managing director of Item, a Burnham, Buckinghamshire-based public relations company with turnover of £2.2m, insists it is not necessary to grant a set credit period. "We don't give credit on the grounds that people will take it anyway. If you give someone 30 days they will wait 30 days before they even think about paying."

Other companies charge interest when a payment becomes overdue to encourage customers to settle their bills on time. Businesses which do this must be sure to explain to their customers what the interest payments are, how they are calculated and how they will be collected, advises Simon Hardwick.

Any penalty interest payments should be set at a high enough level so that it is cheaper for the customer to borrow from his bank rather than from the supplier, Hardwick says.

Instead of charging interest to slow payers some companies offer discounts to customers to settle promptly. Discounts must also be carefully calculated to ensure that you are not giving away too much, Blackstone advises. A 2.5 per cent discount for paying within 10 rather than 30 days does give the supplier 20 days' extra use of his money but at an effective interest charge of nearly 46 per cent, he calculates.

Reducing the time required to dispatch a product after accepting an order and the time taken to send the invoice can dramatically improve cash-flow, according to Christopher Honeyman Brown, a partner in accountants BDO Binder Hamlyn. It should not take longer than a day to invoice customers. If it does then procedures in the accounts department may need changing. If all invoices cannot be prepared promptly the higher value invoices should be given priority.

Suppliers must take care to see that invoices are accurate, and legible and that they meet the customer's payment requirements. An error on an invoice or missing information such as a purchase order number will usually be used as an excuse to defer payment. Customers may also return invoices if they have been sent to the wrong address.

Item's Mike Long says he makes a point of sending out bills early in the month to improve his chances of catching the cheque-run of customers who pay all their bills on just one day in the month. But beware of triggering VAT liabilities before the customer has paid, he warns.

"We once raised an invoice for £100,000 at the end of the VAT quarter," he recalls. "This meant we had to pay the VAT within 30 days. If we had waited for a few days we could have got an extra three months' delay. To compound the problem we got the invoice wrong. We had a £15,000 VAT liability and we didn't get paid until two months later."

As well as sending out his bills promptly Long also makes sure that cheques are paid into his bank promptly. Paying cheques in every evening and at week ends can have a big impact on cash flow.

Chasing up late payments should not be left to the accounts department, advises John James. Credit control should be part of the operations side of the business so that the sales department, for example, is aware of how promptly customers are paying. James says he goes through his debtors' list every week with the credit controllers of Star Cargo's eight operating compaies to check every invoice which is unpaid after 60 days.

The importance of involving top management in detailed financial control is emphasised by Hew Dalrymple, a consultant in the turnaround unit of accountants KPMG Peat Marwick McLintock. "The managing director must take charge of all the cheque books and only pay out when money comes in," he says.

Once you have decided that a payment needs chasing you must be firm and methodical, Mike Long advises. "Customers won't be offended if you push," he says. "Some *expect* you to push before they pay." Phoning is usually more effective than writing and should be used to find out as much information as possible about who signs the cheques and when they are signed.

Just how tough a company should be in setting credit terms and making sure it gets paid in time is a matter of fine judgment, the experts acknowledge. A very strict policy may result in lost sales to some potential customers but this should be set against the cost of bad debts. For the smaller company facing up to recession there is not a lot of room for manoeuvre.

Previous articles in this series appeared on November 21 and 30.

Peter Verstage was dissuaded from clamping a late payer's car, but he has other effective methods up his sleeve

In brief...

■ The drive to improve quality standards in British industry is creating problems for a number of smaller companies. Some small firms are reporting that they are being summarily dropped by large customers because they do not comply with the tougher quality standards being introduced.

Small firms complain that they are not being given time to adopt BS5750, the most widely accepted mark of quality control. Some may simply be too small to undertake the rigorous preparations needed to qualify.

Some say that while the buyers with whom they deal at divisional level are happy with the product or service being supplied, a decision by head office to deal only with BS5750-rated suppliers is costing them business.

■ Companies with a short-term gap in their mid-to-senior management team or with a project that needs extra managerial input are taking increasingly to the idea of hiring temporary managers.

In recent times there has been an increase in demand from smaller companies for permanent but part-time senior finance executives, according to a new guide* to executive leasing.

Quite often, an expanding company needs heavyweight finance skills but does not need them in-house all the time, nor could it afford the cost involved. Equally, such an executive would probably find the prospect of being with one small firm on a full-time basis unattractive.

Executive leasing, or interim management as it is also known, may be the answer if it is not feasible to recruit additional permanent staff; hiring a temp would be too weak an approach; and bringing in management consultants would be too "heavy" a response.

Leased executives may be full-time, self-employed consultants, managers who have taken early retirement or executives taking a break between permanent jobs, explains the guide, which is intended for would-be executives as well as for companies.

The GMS Guide to Executive Leasing. From GMS Consultancy, 48 High Street North, Dunstable, Bedfordshire LU6 1LA. Tel 0582 666970. Free

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HARLEY ST. W.1. BUSINESS CENTRE FULLY SERVICED AND FITTED OFFICES. Business Address:- tel serv: Sec: MAIL: FAX: BOARDROOM: FLEXIBLE TERMS TEL: 071-637-8505 FAX: 071-436 8864

BUSINESSES FOR SALE

Touche Ross

Frazer-Nash Group Limited and Subsidiary Companies

(In Administrative Receivership)

The Joint Administrative Receivers, Mr A. R. Houghton and Mr N. G. Atkinson, offer for sale the business and assets of the above group of companies.

Frazer-Nash Defence Systems Limited

A major defence contractor specialising in the design, development, supply and product support of aircraft weapon carriage and release equipment such as Sky Flash eject launchers, Amraan eject launchers and The Common Rail Launcher. The company is approved to NATO quality control requirements AQAP1.
It is based in Leatherhead.

Frazer-Nash Scientific Limited

The company specialises in the requirements of real time computing systems in the specific areas of Data Communications, Command Control and Information Systems, Avionics, Simulation, Industrial and Process Control and Project Management Services.
It is based in Leatherhead.

Frazer-Nash Consultancy Limited

The company specialises in engineering systems consultancy. It has a track record in use of leading edge technology to improve the performance and integrity of aerospace systems, design and failure analysis for the process and power industries, marine consultancy, transfer technology for industrial products and MoD assignments. The company is approved to NATO quality control requirements AQAP1 and 13.
It is based in Leatherhead and Bristol.

Frazer-Nash Engineering Limited

The company specialises in high quality precision machining and sub-assembly for both aerospace and commercial customers.
It is based in Midhurst.

Frazer-Nash Postal Systems Limited

The company specialises in the design development and supply of postal mechanisation systems. Contracts have included the design of the present in-service generation of phosphorescent dot coding desks and high speed LSMs. They also supply Coding desks, presorting laser cancellers tables and other items of postal mechanisation equipment.
It is based in Leatherhead.

For further information on these companies, please contact Mr M. Downey at the address below:

Member DRT International

55/57 High Holborn, London WC1V 6DX. Tel: 071 405 8799. Fax: 071 831 2628.
Authorised by the Institute of Chartered Acccountants in England and Wales to carry on Investment Business.

Touche Ross

Prolog Timber Limited

(In Administrative Receivership)

The Joint Administrative Receivers, L. H. Gatoff and R. T. Summerfield, offer for sale the business and assets of the above company.

- ☐ Established North East importers and suppliers of softwood and hardwood timber.
- ☐ Leasehold site in Darlington, County Durham, extending to 4 acres including 48,000 sq. ft. of warehousing and offices.
- ☐ Excellent sawmill facilities.
- ☐ Established sales team.
- ☐ Quality customer base.
- ☐ Expected annual turnover circ. £1.8 million.

For further details please contact W. Paxton or J. P. Cawson at the address below.

Member DRT International

93a Grey Street, Newcastle upon Tyne NE1 6EA.
Tel: 091 261 4111. Fax: 091 232 7665.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

RETAIL UNIT

6,500 sq.ft. f/h : Sussex.
Approx. t/o £1.2m.
Unopposed Position.
Ample Car parking.
Scope for Expansion.
Owner wishes to retire.
Offers in excess of £1m considered f/h or negotiate l/h

Write Box H7775, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

STAINLESS STEEL STOCKHOLDER AND PROCESSOR

T/O £1.2M PBT £75K. NBV £240K
Good customer base.
Located North of England

Write Box H7745 Financial Times, One Southwark Bridge, London SE1 9HL.

Long established fastener manufacturer specialising in bar-turned nuts. T/O £230K. Net assets 31.3.90 £104K. Owner retiring. Guide price £125K. Contact: Alan Froude, 43 Lower Brook Street, Ipswich, IP4 1AQ. Tel: 0473 217238

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
DAVID SWADEN FCA & MICHAEL J. ISAACS FCA
IN THE MATTER OF

COMPUMENT SOFTWARE LIMITED

Offers are invited for the business and assets of this leading E.D.I. Computer Software company
Situated in leasehold premises ideally located at Salford Quays, Manchester

for further information please contact
Leonard Curtis & Partners, Chartered Accountants,
Peter House, Oxford Street, Manchester M1 5AB
Tel: 061 236 1955 Fax: 061 228 1929

FINANCE COMPANY LANCASHIRE

The Joint Administrative Receivers offer for sale as a going concern the business of Westwood Finance Limited briefly comprising:

- Freehold premises in Wigan, Lancashire
- Vehicles and office equipment
- Customer finance agreements
- Established workforce
- Turnover in excess of £1m

For further information please contact Mike Seery.

KPMG Peat Marwick Corporate Recovery
Edward VII Quay, Navigation Way, Ashton-on-Ribble, Preston, PR2 2YF. Tel: 0772 722822. Fax: 0772 736777.

ELECTRONICS GROUP FOR SALE

- two companies in home counties
- products in Telecom and Datacom sector
- 1989 sales aggregate £3.8 million
- experienced management
- skilled workforce of about 90
- total capital employed circa £2.3 million

For further information, principals and appointed agents only, please write to:
Box H7753, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

SPECIALIST ENGINEERING COMPANY
Nr Wakefield, West Yorkshire

- Owner retiring
- Highly profitable
- 1989/90 turnover - £1.1 million
- Strong cash flow
- Wide customer base (many blue chip)
- Superb, well located, leasehold premises c. 4,000 sq ft
- Healthy order book
- Excellent plant and equipment
- Skilled workforce
- Niche activity with few competitors

G S Pearson Corporate Finance
Realex House, Leeds Road, Rawdon, Leeds LS19 6AX
Tel: 0532 500550 Fax: 0532 500566

Freezrite Frozen Foods Ltd

(In Receivership)

The following business and assets of the above company are available for sale as a going concern.

- 22,930 sq.ft. cold store on 3.3 acres. Now operating as a public cold store.
- Well situated at Bodelwyddn, Near Rhyl.
- Current turnover approximately £6,000 per week.

Enquiries to AJP Brereton,
Price Waterhouse, York House, York Street, Manchester M2 4WS.
Telephone: 061-228 6541.

Price Waterhouse

Humberts Leisure

On the instructions of Mansfield Brewery Plc
Nottingham City Centre

Prime fully licensed café-bar at entrance to major shopping centre

- Recently refurbished with conservatory frontage
- Ground and mezzanine trading area with 70 covers
- 3 bedroomed manager's flat
- In all about 3,570 sq ft over 3 storeys plus cellar

Offers invited in the region of £175,000 complete

GS/JCM

Humberts Chartered Surveyors
Tel: 071-629 6700

BUSINESSES FOR SALE

Touche Ross

Party Plan Sales Company
(In Administration)

The Joint Administrators offer for sale the business and assets of the above company.

- ☐ Quality range of house and giftware.
- ☐ Established salesforce in excess of 200.
- ☐ Easily relocated headquarters.
- ☐ Experienced management available.
- ☐ Young company with potential for growth.

For further details, please contact the Joint Administrator, Mr Lindsay Denney or Mrs Dian Wardle at the address below:

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590060.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

FILM & TV PROP HIRE COMPANY

Complete set-up comprising of: new warehouse facilities. Very extensive stock. Action and delivery vehicles.
40% increase in turnover 89/90.
High profit ratio.

Full details from:
Box No: H7746 Financial Times, One Southwark Bridge, London SE1 9HL

CHANNEL ISLAND OPPORTUNITY

With 'open' property market just fully restored and refurbished 23 bedroom hotel + rear development potential. Reg nursing residential home, clinic offices school offers ito £1.3 m.

Write Box 7750, Financial Times, One Southwark Bridge, London SE1 9HL

BOATING/MARINE LEISURE NEWSPAPER FOR SALE

Est. 7 years. At present free distribution, now ready for full Newstand launch on Weekly/Fortnightly basis. Turnover £70,000 pa. Offers sought around £35,000.

Contact Mr Gearing on 04248 4211 (day) or 0580 860711 (eve)

MULTIPLE C.T.N BUSINESS FOR SALE

A group in excess of 20 C.T.N. units operating in the Midlands and North West area is offered for sale as a whole or will split into 3 packages.
Gross Turnover : Over £6,000,000
Offers over £2,000,000 will be considered for the group.

Interested parties write to Box H7763, Financial Times, One Southwark Bridge, London SE1 9HL.
Principals only please.

WOODEN FURNITURE PRODUCT LINE

- Order book, Designs, Stock & Goodwill of Quality Furniture Manufacturer For Sale
- Turnover £900K.
- Range is Exclusive.
- Business easily Re-locatable.

Write Box H7769 Financial Times, One Southwark Bridge, London SE1 9HL.

PROFITABLE INSURANCE BROKER FOR SALE (intermediary status)

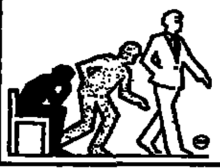
Two offices, one London, one North computerised personal lines representing 50 insurance companies. Annual commission income £248,000. Net profits £128,000. Price to include modern leased premises. State of the art computer systems. Experienced staff with management in place. Fast sale required. Price £200,000 and offers.
Write to M.D. 1 Vale Croft, Vale Road, Claygate, Esher, Surrey KT10 0NX.

DISTRIBUTOR OF COMPUTER HARDWARE AND BUSINESS SOFTWARE - TURNOVER £2.5M REQUIRES

A business association which will provide management skills, critical mass and the strength to take advantage of opportunities arising in the future.
Outright sale also considered.

For further details please contact: Paul Price Haines Watts Corporate Services, 6 The Hawthorns, Eccleston, Chorley, Lancs PR7 5QW. Tel and Fax: 0257 45446

New Product Opportunities



From our extensive range of national and international sources we have many new technologies/inventions/product import rights available for license. Telephone or write for further information.

Inventions to Industry Limited.
Portman House, George Street, Aylesbury, Bucks. HP20 2HU, England
Telephone: (0296) 84141 Facsimile: (0296) 433188 Telex: 837520

EXHIBITION

Established twice yearly event. Non-core activity of PLC. Easily run and organised by small team. Turnover £600K,25% net profit margin.

Principals only.
Write Box H7771 Financial Times, One Southwark Bridge, London SE1 9HL.

DIRECT MAIL LASER PRINTING AND COMPUTER BUREAU

Situated London
For Sale

Write Box H7773 Financial Times, One Southwark Bridge, London SE1 9HL.

Furniture Retailing Business

Central Scotland
Turnover in Excess of £1.2m

Write Box H7762 Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

Electronic Co. with established range of board level and instrumentation products.
Substantial tax losses available.

Write in first instance to Box H7778 Financial Times, One Southwark Bridge, London SE1 9HL.

DESIGN LED CORPORATE CLOTHING COMPANY FOR SALE

Highly profitable established expanding corporate clothing business dealing with Blue Chip clients. Turnover in the region of £1m.

Write Box H7764 Financial Times, One Southwark Bridge, London SE1 9HL.

FABRICATION COMPANY

Unusual opportunity to acquire a quality fabrication company. Turnover £2.5 million situated in the North Midlands. Profitable BS 5750 approved, good forward order book, excellent market spread principals only apply to Box H7751, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

Prestige chain of video rental shops with 8 primary locations in the Fulham, Chelsea, South Kensington areas. Current annual turnover approx £530,000. Solid leasehold asset base.
Please write Box H7759 Financial Times, One Southwark Bridge, London SE1 9HL.

Fully licensed, 3 AM, M&D.

Exceptional central West-End location. Suit sophisticated piano bar/disco, etc.

£450,000.

Write Box H7757 Financial Times, One Southwark Bridge, London SE1 9HL.

LONG ESTABLISHED BLOWN FILM EXTRUDING COMPANY FOR SALE

Turnover £1.8 to £2 million

Write to Box H7613 Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

Electrical Company
Specialist - Installation - Design
Turnover £750,000 E.C.A.
Wide customer base.
Local authorities, hospitals, etc.
Excellent staff structure.

Write Box H7765 Financial Times, One Southwark Bridge, London SE1 9HL.

LONDON TRUCKSTOP LIMITED

The Joint Administrative Receivers offer for sale as a going concern a purpose built facility for truck drivers located off the M25 motorway just north of the Dartford Tunnel.
Facilities include:

- Secure parking for 230 trucks
- Hotel with 63 single and twin bedrooms
- Restaurant and shop
- Bar and lounge
- Fuel station and truck wash

There is also an opportunity to acquire a 14 acre site located off the M62 motorway near Warrington, Lancashire.
For further details contact the Joint Administrative Receiver:
Stephen James.

KPMG Peat Marwick Corporate Recovery
20 Farringdon Street, London EC4A 4PP.
Tel: 071 236 8000. Fax: 071 248 1790.

LAWNMOWER DEALER LANCASHIRE

The Joint Administrative Receivers offer for sale as a going concern the business of Lawnmower Specialists Limited briefly comprising:

- Freehold premises in Darwen, Lancashire
- Vehicles, plant and equipment
- Stock of lawnmower equipment
- Experienced and established workforce
- Turnover in excess of £1.5M

For further information please contact Peter T Masterson.

KPMG Peat Marwick Corporate Recovery
Edward VII Quay, Navigation Way, Preston, PR2 2YF.
Tel: 0772 722822. Fax: 0772 736777.

PROMINENT LOCATION OVERLOOKING HYDE PARK
LANCASTER GATE HOTEL LONDON W2 FREEHOLD

66 bedrooms

HEALEY & BAKER
071 629 9292

The Joint Administrators
R.B.M. Graham and F. Blin
offer for sale

Stirling Investments Limited
In Administration
Golf Course Development

A prestige development opportunity on the banks of Loch Lomond, Scotland, including:-

- Approximately 1,000 acres of leasehold and freehold land.
- An 18 hole championship golf course, in course of construction, designed by Mr Tom Weiskopf.
- Extensively renovated Rossdhu House intended to be an exclusive Club House for members.
- Planning authority and plans for second golf course, luxury 200 bedroom hotel, golf professional shop and driving range, 200 berth marina, 50 timeshare golf lodges, nature reserve.

For further particulars please contact Alasdair MacLean, Cork Gully, 76 George Street, Edinburgh; Tel 031 226 3114; Fax No: 031 220 0145; Telex 728289.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

Leading Supplier of Contract Furnishings to the Housebuilding Industry.

Company available for outright sale, key features include:

- *Turnover £10.5 million (1989/90)*
- *Head Office based in the North of England*
- *Interior design division*
- *Customer base includes several leading housebuilders.*

For details please apply in writing to Hamish A. Dunlop, Director, Ernst & Young Corporate Finance, Barclays House, 6 East Parade, Leeds LS1 1HA.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

N R B Godden and M Palios
Joint Administrative Receivers of
The Besco Group Offer For Sale

The Business and Assets of Besco Bodies Limited and Besco Bodies Midlands Limited

- Long established commercial vehicle body builders
- Originators and market leaders in Aerodynamic truck bodies
- Holder of BS 570 and AQAP4 Quality ratings
- 3 month order book of £1.5m
- Extensive Freehold premises in ideal situation adjacent to motorway in Northamptonshire
- Dedicated, loyal and skilled workforce of 40 in the works, and 10 administration

All enquiries to the Joint Administrative Receivers of the Besco Group, Cork Gully, 55 Sheep Street, Northampton, NN1 2NF. Tel 0604 230799; Fax 0604 238001; Contacts Martin Pickard or Ian Goosey.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

National Trailer Manufacturer
The Wilcox Group of Companies

The Administrative Receivers offer for sale the business and assets of the The Wilcox Group Limited and subsidiaries.

- Quality market reputation
- Annual turnover £18M
- Head office Wisbech, Cambridgeshire (Freehold)
- 6 Modern and fully equipped manufacturing premises (5 freehold) in Wisebech, Glasgow and the West Country.

For further information please contact the Joint Administrative Receiver: Mark Palios, Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge, CB3 OBL. Telephone: 0223 313611 Fax: 0223 462111.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

WE SELL COMPANIES

HIGH TECH INSTRUMENT - UK Co, unique skills in instm, serv, calibration, Tdg worldwide in Petrochemical, gas etc. Price £650K (Ref Z24H221190)
S. COAST - LIGHT MACHINERY DISTRI - Primarily joinery trade. Long estab. T.O. £388K G.P. £127K. Mod L/H unit 3,750+ sq.ft. £115K +sav (Ref Z9W126098X)
CARPENTRY/JOINERY/MANUFACTURER - N HOME COUNTIES - F/H prems. Current order book £1.6m. T.O. last financial year £2m plus. Price £750K (Ref Z24B26414L)
Long estab ENG CO. 0.85 ACRE SITE. E. Scotland - T.O. £800K. Niche mkt in heavy plant, spares etc. Guide price £250K inc stock (Ref Z2EQ2079X)
DORSET - PRINTED CIRCUIT BOARD MANU - well estab Co. T.O. c. £400K G.P. £190K Spac L/H prems. Rent £17K. Valuable inventory. £275K + s.a.v. (Ref M25556R)
ESSEX - HAULAGE CONTRACTOR/PLANT HIRE - Small fleet of new quality vehicles. F/H Yard. T.O. £850K. £225K + settlement of hp on trucks (Ref Z7P18927B)
SUB CONTRACT ENG - W. YORKS - 1989/90. T.O. £606K. Mod high-tech. CNC equip. solid cust base. Gd order bk. BS5750 STD L/H. Net assets £270K (Ref: Z8M25545WR)
SPEC ENG - NORTHERN BASED - 1989/90 T.O. £1.15M. Co set for expansion. Wide cust base. Low overheads. 5,600 sq.ft. F/H. £750K +/- current assets (ZBM 25546WR)
RETAIL JEWELLERY - LONDON - Prime posn. Excel L.H. well fitted. T.O. c.£300K NP £88,965. Proj NP 1990 £100K. Price £250K +/- current net assets (Ref Z22578LN)
GOLD JEWELLERY MANU - LONDON - Well estab. Stable Workforce. Good cust base incl major High Stt jewellery retailers. L/H prem. Sales c. £2,7M NP C. £575K. Price £1,750,000 + net assets (Ref Z24L24142LN)

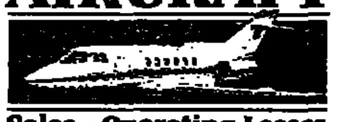
EM&F

We should like to hear from principals – whether buying or selling – regardless of sector, size or location.
Strictest confidence is maintained.

18 Walsworth Road, Hitchin, Herts SG4 9SP. Tel: 0462 422499. Fax: 0462 420062

AIRCRAFT FOR SALE

BUSINESS AIRCRAFT



Sales • Operating Leases
Insurance • Support Package
Management & Crewing
EXECUTIVE JET CENTRE·HEATHROW

Fields
Tel: 081-759 7055
Telex: 8952145
Contact Neil Harrison Fax: 081-759 7305

FINEST KING AIR 200
In Northern California (1979),

For sale by owner.

Bank of Stockton
Tel: 209 941 1288
Fax: 209 465 5483

SALE OF THREE A300-B4 AIRCRAFT THROUGH GLOBAL TENDER.

Air India is interested in the sale of its three identical A300-B4 aircraft of 1982 vintage and powered with GE CF6-50C2 engines, along with the spares and spare engines.

The technical specifications of the aircraft are as follows:

AIRFRAME			
Manufacturer's Serial No.	177	180	190
Airframe Hours	21491	20810	20033
Cycles	10152	9507	9081
Maximum Ramp Weight	165900 kgs		
Maximum Take-off Weight	165000 kgs		
Maximum Landing Weight	136000 kgs		
Maximum Zero Fuel Weight	126000 kgs		
CONFIGURATION			
No. of Seats C:	22		
Y:	216		
Total	238		
No. of Galleys	6		
No. of Toilets	6		
AVIONICS			
Communications	Collins		
Navigation	Bendix/Collins		
Auto Flight Control and Instrumentation	Sfena/Sperry		
Entertainment	Sunstrand		
Recorders/Rescue Equipment	Lockheed/Fairchild		

Interested parties are requested to forward their sealed offers along with a bank draft or certified cheque payable to Air India for US$200,000 per aircraft. Cheques or drafts will be returned if the tender is not accepted or will be forfeited to Air India as liquidated damages if the tender is accepted and the sale is not completed by the purchaser.

Air India reserves the right to accept/reject any offer without assigning any reason therefore.

The terms and conditions of sale and further information may be obtained from:
DY Director Planning and International Relations,
Air India, Nariman Point, Bombay 400 021.
Sita: BOMCVAI. Telex: 0112427-AITO IN.
Fax: 9122-202-1210.

The last date for receipt of sealed offers is close of business local time on December 31, 1990.

AIR INDIA

PLANT & MACHINERY

SALE BY AUCTION

on WEDNESDAY, 12TH DECEMBER, 1990 at 12 noon
By Order of the Joint Administrative Receivers: D. Bailey, Esq., and F.W. Taylor, Esq., of Ernst and Young and Others
at DUTTONS PRINTERS LIMITED (In Administrative Receivership)
SKYPARK INDUSTRIAL ESTATE, SPEKE, LIVERPOOL 24
and 30-36 PALL MALL, LIVERPOOL 13

The Valuable "Heidelberg" Lithographic & Screen Printing, Origination & Platemaking, Finishing Plant & Machinery, "Linotype" Phototypesetting, Computer Equipment, Trucks, Modern Office Furniture & Machinery, Two Electric Fork Lift Trucks and Pallet Trucks
Large Range of Modern Office Furniture and Machinery

ON VIEW: Monday prior 11am to 4.30pm and Tuesday 9.30 am to 4.30 pm. Sale Day from 9.30 am

CATALOGUES from the AUCTIONEERS;
COLEBROOK, EVANS & McKENZIE
Printers' Auctioneers & Valuers
5 QUALITY COURT, CHANCERY LANE, LONDON WC2A 1HP
Tel: 071 242 1362 Telex: 28174 Fax: 071 242 4895

Richard Schultz Limited
(In Receivership)
Manchester and Runcorn

The joint administrative receivers offer for sale the business and assets of this long established jacket and trouser manufacturer.

- Turnover £1.6m p.a.
- Blue chip customer base
- Trading from purpose built freehold premises
- Highly skilled workforce

For further information please contact the Joint Administrative Receivers Allan Griffiths or David Rowlands, Grant Thornton, Heron House, Albert Square, Manchester M2 5HD.
Tel: 061-834 5414
Fax: 061-832 6042

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

EXHIBITIONS

FREE ADMISSION: BUSINESS INFORMATION EXHIBITION

Online Information 90
Olympia 2, London
11 - 13 December 1990
Open (11th) 11.00 - 18.00; (12th) 10.30 - 18.00; (13th) 10.30 - 16.00

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Essential to your business! Learn to reduce costs with business, financial and economic information available instantly from leading suppliers.

Free entrance with this ad. Information: Learned Information 0865 730 275

ART GALLERIES

ALLANS HAND EMBROIDERED Silk Pictures make the most delightful gifts for Xmas and all festive occasions. Do call and see the wide variety of subjects, only available at Allans of Duke Street, 56/58 Duke Street, Oxford Street, W1H 6HS. Tel: 071-629 3781.

OFFICE EQUIPMENT

MAJOR COMPANY MOVES H.Q.

A substantial amount of high quality furniture to be sold off.

750 Office Screens
138 Tropical plant displays
Magnificent 26' Mahogany table
1200 Office Chairs
MUST BE CLEARED BEFORE CHRISTMAS

Tel: 081-549 9339

BUSINESSES FOR SALE

Tuesdays, Saturdays and now FRIDAYS

For further information please contact

Gavin Bishop on 071-873 4780
or
Sara Mason on 071-873 3308

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

BUSINESSES FOR SALE

Arley Holdings plc (In Receivership)

The business and assets of the trading companies of the group are for sale as a consequence of receivership. The group's businesses are structured in the following divisions: Engineering, Photographic, Cinema and Theatre, Marine and Computing.

ENGINEERING DIVISION

Martin & Field Limited (In Receivership)

- Manufacturers of high quality metal pressings principally for the automotive industry.
- Excellent customer base including major UK and European car manufacturers and suppliers.
- Annual sales approximately £8m. Profitable.
- Strong order book.
- Superbly equipped production facility, in Lichfield, Staffordshire.
- Skilled and motivated workforce of 180.

Cardigan Components & Instruments Limited (In Receivership)

- Manufacturers of auto and capstan turned parts.
- Principal markets in the gas and domestic appliance industries.
- Annual sales approximately £1.3m.
- Freehold and leasehold premises in central Birmingham.
- Skilled team of 40.

PHOTOGRAPHIC DIVISION

Paterson Products Limited
Photax Limited
Phototechnology Limited
Test Papers Limited (All in Receivership)

- Internationally known suppliers of photographic equipment and chemicals, and darkroom accessories based in Borehamwood, Hertfordshire.
- High sales profile with UK photographic retail market and significant exports.
- Production, design and development facilities at Borehamwood and manufacturing at Tipton, West Midlands.
- Holders of exclusive import franchises.
- Annual sales approximately £10m.
- Good order book.
- 90 employees in Borehamwood and 110 in Tipton.

CINEMA AND THEATRE DIVISION

Harkness Screens Limited (In Receivership)

- Leading manufacturer and supplier of cinema screens in the UK.
- Significant export business.
- Annual sales of approximately £2m. Excellent profitability.
- Strong order book and significant opportunities for 1991.
- Highly skilled and specialised team of 45.
- Freehold premises in Borehamwood, Hertfordshire.

Hall Stage Products Limited (In Receivership)

- Principal UK manufacturer and supplier of theatre products including curtain tracks and motorised winches and pulley systems.
- Annual sales of approximately £1m. Profitable.
- Well equipped production facility at Downham Market, Norfolk.
- Skilled workforce of 30.

MARINE DIVISION

NASA Marine Limited (In Receivership)

- Design, manufacture and distribution of electronic navigational and communication equipment for the marine leisure market.
- Annual sales approximately £1m.
- Skilled workforce of 13 based at Stevenage, Hertfordshire.

Neco Marine Limited (In Receivership)

- Design, manufacture and distribution of a commercial and leisure range of marine autopilots and accessories.
- Manufacture of specialised electronic photographic lighting equipment.
- Annual sales of approximately £1.2m including substantial exports.
- 40 skilled employees based in leased premises at Havant, Hampshire.

COMPUTING DIVISION

CSL Computer Services Limited (In Receivership)

- A high quality, flexible bureau and programming service.
- Well established customer base.
- Annual sales approximately £1m. Profitable.
- Skilled team of 15.
- Freehold and leasehold premises at Droitwich, Worcestershire.

Systems Software (UK) Limited (In Receivership)

- Supply and service of a range of specialised software packages.
- Distribution agreements with US and UK authors.
- Quality customer base spread throughout UK and Europe.
- Annual sales approximately £0.8m. Profitable.
- Skilled and committed team of 8 at Droitwich, Worcestershire.

Enquiries from interested parties should be addressed to:
The Joint Administrative Receiver PE Baldwin FCA at Price Waterhouse, Livery House, 169 Edmund Street, Birmingham B3 2JB. Telephone: 021-200 3000. Fax: 021-200 2902.

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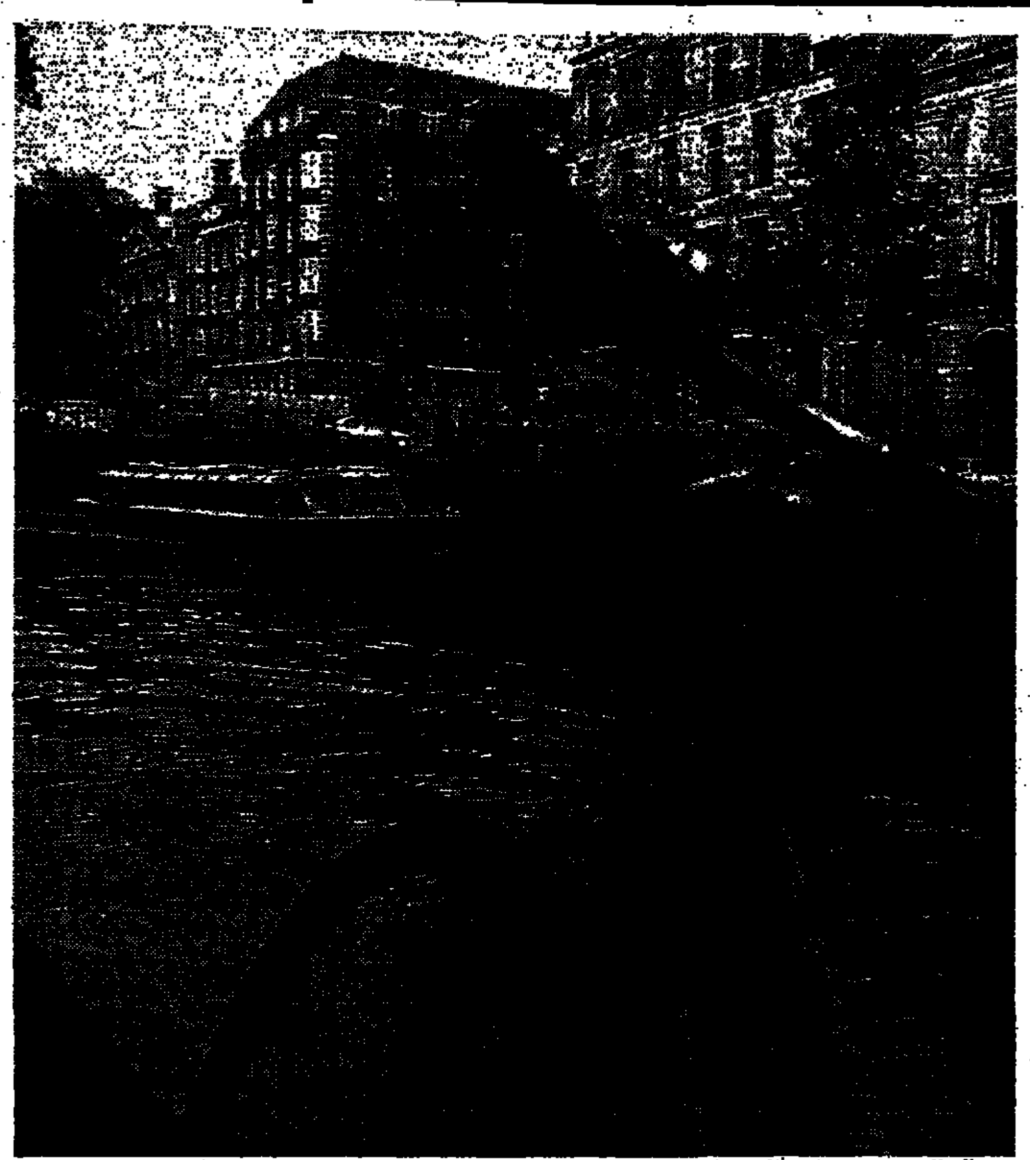
FINANCIAL TIMES SURVEY

THE NETHERLANDS

Tuesday December 4 1990



Alan Harper

Canal in Amsterdam: Growing economic uncertainty finds the government in deepening waters

After 13 months of relative calm, the new Dutch centre-left coalition is coming face to face with harsh economic realities. The task of balancing the budget while increasing social spending is, as **Ronald van de Krol** finds, proving to be an extremely difficult one

Rosy picture starts to pale

DUTCH GOVERNMENTS, regardless of their political hue, are traditionally torn in two directions, and the 13-month-old coalition between the centre and the left is no exception.

On the one hand, the government badly needs to put the country's perilous finances on a sound footing. On the other, it also wants to step up social spending as part of a further refinement and extension of its decades-old welfare state.

The desirability of maintaining the country's generous and proud welfare state traditions is never at issue in the Netherlands, either on the left or the right of the Dutch political spectrum. Figuring out how to pay for social welfare, however, is the real stuff of Dutch politics.

When the present centre-left coalition took power in November 1989 under the veteran prime minister Ruud Lubbers, ending seven years of Lubbers-led centre-right partnerships, it had every reason to think it could have its cake and eat it.

The buoyancy of the Dutch economy would enable Mr Lubbers' Christian Democrats and the Labour Party of Finance Minister Mr Wim Kok to bring down the country's worrying financing deficit. At the same time, the continued surge in the economy would allow them to make selected increases in social spending.

The vehicle for this return to cautious increases in social spending was "linkage", a word that now looks set to dominate political life in 1991 and to haunt the coalition partners for years to come.

The idea was to restore a direct link between rises in private-sector wages and the increases in monthly payments to the country's large numbers of civil servants, old age pensioners and, above all, recipients of social-welfare benefits.

Linkage was designed to be both a reward and a measure of compensation for the relative austerity of the 1980s.

Although the economy surged during Mr Lubbers' previous two governments with the right-leaning Liberals, the Christian Democrats had consciously allowed social welfare payments to lag behind increases in private-sector wages, in an effort to prune back the state sector.

This unequal distribution of wealth went against a central tenet of the post-war welfare state: everyone should share alike in economic prosperity – not only those who work in industry or the services, but also those in government, in retirement or on welfare.

A year into government, however, economic uncertainty created by the Gulf crisis is raising serious doubts about whether linkage can be sustained. It also puts the coalition partners to their first real test, bringing an abrupt end to a peaceful, smooth honeymoon.

The cost of linking public and private-sector wage rises will run into billions of guilders, money which the government will now be hard-pressed to find as its finances are squeezed between high interest rates and lower-than-projected tax receipts.

Economic growth, while expected to continue, is faltering, slowing down to a rate of just over 2 per cent after several years of robust expansion above the level of 3 per cent.

The 1989 coalition agreement has two built-in escape clauses on the thorny question of linkage: both Labour and the Christian Democrats have agreed that the pay link will not be maintained if private-sector wages rise too fast or if the number of social welfare recipients expands too quickly.

The problem will come up with a vengeance in early 1991 when the government publishes its long-awaited "mid-term review" of how it proposes to fill the yawning holes that loom in the budgets for 1992 and beyond. Clearly, the future of linkage – central to Labour's hopes for the coalition – is inextricably tied up with the budgetary outlook.

As one way of preserving linkage, Dutch trade unions are coming under strong pressure to restrain their 1991 wage demands and to limit any rise to the 1990 figure of around 3 per cent.

The economic surge of the 1980s was made possible in part by union acceptance of wage moderation, which bolstered the competitiveness of Dutch industry and reduced inflation to practically nil. But that co-operation may not extend easily into the 1990s.

Another option open to the government is to stem the inflow of people into social welfare programmes. The problem is not so much unemployment, though this too is expensive, but the containment of the explosive growth in the number of people claiming – and receiving – disability benefit.

The disability scheme, known by the Dutch acronym WAO, is expanding out of control. If present trends continue, 1m people – or one in every six members of the potential workforce in a country of only 15 million people – will be out of work and living on WAO benefit by 1993.

Already, annual payments to the nearly 900,000 people who are currently in the scheme swallow up nearly 7 per cent of gross national product.

There is consensus that this cannot be allowed to continue. "The country is not that sick that we can live with that sort of figure," says Mr Kok, who was a leader of the trade union federation and of the Labour Party before becoming finance minister.

Finding a solution is another matter. As many as 100,000 "WAOers" are under 35 years of age and will draw benefits until they are 65. A large percentage of recipients of all ages entered the scheme on psychological grounds – because of stress at work or nervous exhaustion.

The Dutch tend to bristle when foreigners express amazement at the country's disability system, and there is a pervasive taboo on even suggesting that the scheme, like the Dutch unemployment queues, might be open to abuse.

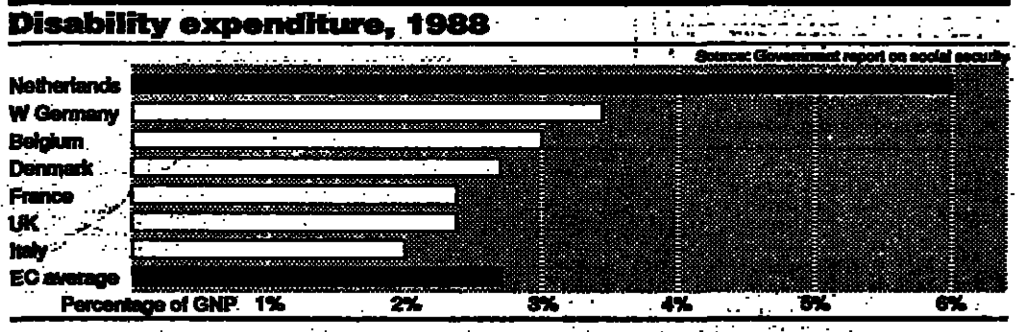
Still, several Labour Party members have recently risked public anger by arguing that unemployment benefits should be scrutinised more closely and that the unemployed should be required to accept a job if they are offered one or risk having their dole docked. While this view might not cause much surprise in other countries, it is relatively novel in the Netherlands.

When the prospect of a truly integrated European market began to emerge in the late 1980s, the Dutch were initially worried that their own high standards of living and social welfare would suffer from being joined to those of far less prosperous EC member such as Spain, Greece and Portugal.

In the 1990s, however, the Dutch are coming round to the view that they can retain the welfare state which they have built up so laboriously, provided that it is run properly, efficiently and perhaps a bit more strictly.

There is growing recognition that in the Europe of the future, in which companies, citizens and investment will move freely across former national boundaries, any further rise in taxes or social premiums designed to pay for welfare programmes can only be done at the risk of harming the country's competitiveness.

Disability expenditure, 1988



IN THIS SURVEY

Parliament Building: The Hague

POLITICS

Potential heirs are lining up for leadership

THE TRICK in Dutch politics today is to find someone capable of beating Mr Ruud Lubbers.

Still only 51, the Christian Democrat prime minister has run the country for more than eight years, making him the longest-serving post-war Dutch leader. After sharing power with the conservative Liberal Party for seven years, he has made an effortless transition to a centre-left coalition with Labour and his position seems as secure as ever.

Abroad, his charisma and charm and his long experience of office, have made him the only Dutch politician with an internationally recognisable name.

Yet Mr Lubbers is growing tired of politics and his present four-year term, which ends in 1993, is likely to be his last. "He's seen it all before," says one political journalist. "There's no surprise or excitement left in his work."

Potential successors are busily being groomed, both within his centrist Christian Democrat party, which has been in government for the past 70 years, and on the political right and left.

The most important politician apart from Mr Lubbers is the finance minister, Mr Wim Kok, 52, who led his Labour party into the coalition last November after 12 years in opposition. Under the consensus tradition of Dutch politics, Mr Lubbers has to consult Mr Kok closely on every aspect of government.

One of the latter's key tasks, after the years of no-nonsense politics and belt-tightening under the centre-right, is to prove that Labour has finally cast off its 1970s reputation of a free-spending party with little thought for the morrow. He has laid great store by reducing the enormous budget deficit, questioning the need for some of the vast array of subsidies and benefits which have been regarded as sacrosanct.

"By not being a radical, he's trying to build up an image as the next prime minister," says one political pundit. "By emphasising good housekeeping and stability, he's attempting to be a second Lubbers."

The venture is a risky one. Labour lost three of its 52 seats in last year's general election and only made it into government because the Liberals performed even worse. In local elections last March, the Labour Party took a further hammering, with its share of the vote dropping to 25 per cent from 32 per cent in the general election.

Evidently not all Labour supporters have made the same journey to the political centre as Mr Kok. But he refuses to be cowed by the polls, or by the possibility of further losses in provincial elections next March, which could put the coalition under severe strain.

The real test for Labour will come at the 1993 general election, he says, by which time a combination of sound economics and social justice should have borne fruit.

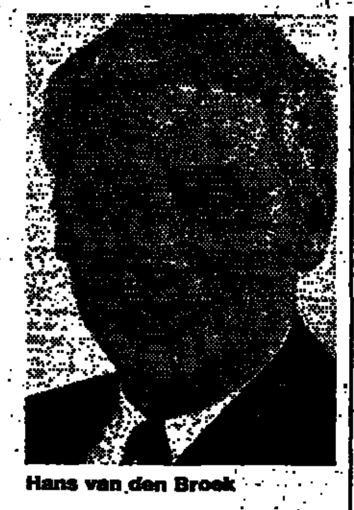
"The importance of these provincial elections should not be over-emphasised," he says. "They shouldn't make us too nervous in terms of doing our work."

'Lubbers knows the budgets of his ministers better than his ministers do'

Affable and sincere, Mr Kok does not, however, have Mr Lubbers' considerable presence in public debates or on television. But that may not necessarily count too heavily against him since the Dutch are used to sobriety and mistrustful of flamboyant politicians.

What is more difficult for any potential successor is to match Mr Lubbers' command of government. "Lubbers knows the budgets of his ministers better than his ministers do," says a former senior Dutch official.


Eelco Brinkman


Hans van den Broek

The spread of the Lubbers tentacles has caused unease in the cabinet where the prime minister is constitutionally "first among equals" rather than overlord. A rift emerged last month between Mr Lubbers and his foreign minister, Mr Hans van den Broek, over the prime minister's increasingly close relations with his opposite numbers in the EC Council of Ministers. Under the Dutch constitution, the foreign minister has sole responsibility for foreign policy.


Hans van Mierlo

Mr van den Broek, 53, is considered to be one of the potential heirs to Mr Lubbers within the Christian Democrat party, although his star has waned since an obscure domestic row two years ago over the introduction of new Dutch passports.

The official leader-in-waiting is Mr Eelco Brinkman, 42, a smartly-dressed former minister for health, social welfare and culture who now heads the Christian Democrat parliamentary party. But Mr Brinkman, who lacks the Lubbers warmth, could look less secure if Mr Kok's stature grows, in which case the party might bring Mr Onno Ruding, the former finance minister, back out of political retirement.

Many Dutch people have difficulty imagining a government without the Christian Democrats. But the parties on the left and right have grown much closer in recent years, and the heady ideologies of the 1970s play little part in politics today. Such consensus makes being in opposition particularly hard. The Liberals, after a year out of power, are having to sound even tougher on the country's finances than Mr Kok, which is no easy task.

The demise of ideological differences has encouraged speculation about an eventual alternative to the Christian Democrats – a coalition between Labour and the Liberals, possibly with the participation of the small D66 party.

Mr Hans van Mierlo, the popular 59-year-old leader of D66, is regarded as Mr Lubbers' only match in parliamentary debate. His party, founded in 1966 on a platform of constitutional change, was one of the few to improve its standing in last year's elections.

D66 wants to introduce regional lists into the proportional representation system, so that Dutch politicians are linked more directly to the electorate. It believes voters should choose the prime minister as well as the parliament, and that referendums should be introduced.

"All power systems are more or less in crisis in the different European countries," says Mr van Mierlo. "Power fulfils the desires of power, when we should be fulfilling the needs of people." Not surprisingly, he riles at the fact that Christian Democrat rule is taken for granted. As yet, though, he is not in a position to change it.

Alison Maitland

The Gulf crisis is tempering high spirits on German unification

Mixed bag of prospects

CAUGHT BETWEEN good news from Germany and bad news from the Gulf, the outward-looking Dutch economy is facing mixed prospects for 1991 after several years of buoyant and virtually inflation-free growth.

The unification of Germany – the Netherlands' biggest trading partner by far – will undoubtedly be a boon for the Dutch economy, promising further increases in sales to its powerful and newly-enlarged neighbour.

But tension in the Middle East and the very real threat of recession in the US and the UK are quickly overshadowing euphoria about German unity, producing a distinctly cloudy outlook for the next 12 months. As always, the Netherlands' dependence on events beyond its control and on markets beyond its borders is the price that it has to pay for its reliance on foreign trade.

So far, the Netherlands itself is not in grave danger of slipping into recession. Although growth is slackening, economic activity remains brisk. The Netherlands' record on job creation is still among the best in Europe and inflation, while beginning to rise, is forecast to total just 2.5 per cent for 1990 as a whole.

According to projections drawn up by the Central Planning Bureau (CPB) in September, the growth of gross national product will slow to 2.5 per cent in 1991 from an estimated 3.25 per cent in 1990. Consumer spending, which helped underpin economic growth in the late 1980s, is forecast to rise by 2.75 per cent next year, down only slightly from 3 per cent in 1990.

German unification is expected to provide a strong stimulus to exports across the Netherlands' eastern border. However, not all the news from German is unreservedly positive. Initial expectations have been dampened somewhat by the realisation that east Germany's economic straits are worse than originally feared.

The rising costs of unification are also helping to keep Dutch interest rates relatively high because they are linked so closely to German rates. This, in turn, is complicating the Dutch state's finances and posing awkward choices between sound fiscal policies and the desire for increased social spending.

With the Gulf crisis threatening to depress growth in world trade, the economic mood in the Netherlands is turning sombre. The pessimistic climate has been reinforced at home by a steady stream of news about job losses at important Dutch companies such as Philips, KLM and DAF.

Although economists agree that these companies face special difficulties that overstate the problems confronting the Dutch economy as a whole, the widely-publicised redundancies are helping to temper consumer confidence.

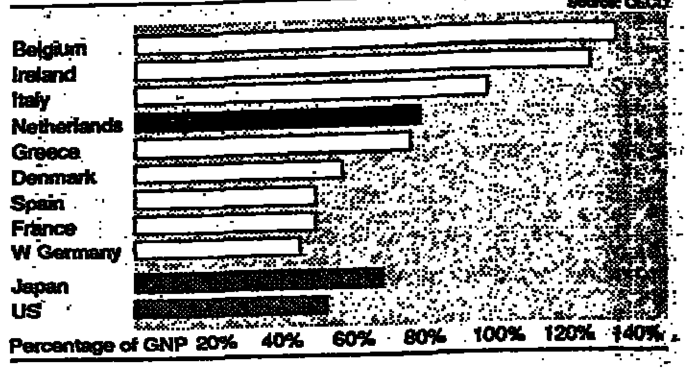
Mr Wim Kok, the Dutch finance minister, argues that the difficulties of individual companies should not be overdramatised. "But the individual signs do contribute to the feeling that there may be a somewhat slower rate of growth than was expected in the past," he says.

Although growth is slackening, economic activity remains brisk

Mr Kok and the rest of the centre-left cabinet now face the daunting task of preparing a long-awaited "mid-term review" in early 1991 that will set out how the government intends to plug the gaping holes that are expected to emerge in its finances between 1992 and 1994.

Already, Mr Kok has warned of "rough weather" ahead that holds out little room for further increases in the purchasing power of Dutch households.

State debt, 1989



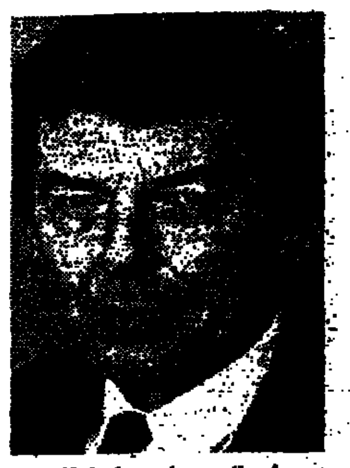
Because the Netherlands is an important producer and exporter of natural gas, the Treasury stands to gain from higher oil prices, which after a lag of six months translate into higher prices for gas.

Unfortunately for the Dutch state, gas revenues are the only bright spot in its finances. Tax revenues are lagging behind projections and, at the same time, higher interest rates are forcing the government to come up with additional funds to pay the interest on its massive public debt, which currently runs to some 80 per cent of national income, the fourth worst record in the industrialised world after Belgium, Ireland and Italy.

The latest coupon on Dutch state bonds is 9.25 per cent, still well above the government's projection that interest rates would fall to 6 per cent from 1991 onwards.

All in all, if the government is to achieve its targets for reducing the financing deficit, it will need to find at least Fl 10bn in 1992 and perhaps more than Fl 15bn over the next few years to cover expenditure.

Spending cuts – which are notoriously difficult at the best of times in the Netherlands, with its proud welfare-state traditions – will be bound to test the resolve of the one-year old coalition between Mr Kok's Labour (PvdA) party and the Christian Democrats (CDA) of Mr Ruud Lubbers, the country's long-serving prime minister.


Wim Kok: 'rough weather'

Already, a central question dominating the budget discussions is whether the coalition partners can still afford to honour their pledge that civil servants, old age pensioners and the recipients of social welfare payments will receive the same "salary" rise as workers in the private sector.

Ronald van de Krol

LABOUR

Responsibility to be delegated

A MINI-REVOLUTION is about to take place in how the Dutch tackle their unemployment problem. Starting from January 1, the country's state-run job exchanges are to be hived off from the national government and placed under the joint control of employers, unions and local governments.

The idea behind tripartite responsibility – which is borrowed from Sweden – is to make the Dutch labour exchanges more responsive to local conditions by reducing the psychological and physical distance between those who have jobs to offer and those who are seeking employment.

More importantly, it marks the start of a more active approach to the problem of finding jobs for the unemployed.

"It will allow for more creative and intensive job placement. Job exchanges will be free to tackle local needs," says Mr Ruud van den Berg, who is currently director-general of manpower at the ministry of social affairs and employment.

The Dutch are taking a far more active approach to job placement

As part of these changes, Mr van den Berg will become general director of the new, independent tripartite body. Management, which was previously indivisible from the ministry in The Hague, will be decentralised, and the country will be divided into 28 regions for job-placement purposes, with each region to have its own labour board composed of local representatives of employers' groups, trade unions and government agencies.

Previously, Dutch labour exchanges existed mainly to keep track of job vacancies. Now, however, they are increasingly being asked to help bring supply and demand on the labour market back into balance through, for example, running training schemes for welders and other workers in short supply. In future, they will probably be called upon to train older women returning to paid employment.

As the move to tripartite control shows, Sweden's welfare-state model has exerted a keen and growing fascination over the Dutch in recent years, mostly because of the Swedish success in bringing about virtual full employment through an extensive and exhaustive programme of job training and job creation.

However, Dutch enthusiasm for Swedish methods falls well short of embracing some of the sanctions that are built into Sweden's system. Dutch newspaper accounts of the Swedish model are filled with surprised and even horrified reports of how strictly that country applies the rule that the unemployed must accept a job or enter a training programme. If they do not, they risk losing their unemployment benefits which, in any case, are far less generous than those in the Netherlands.

Such methods are unthinkable in the Netherlands where unemployment benefits are by tradition not much lower than minimum wages levels. Indeed, one of the main goals of the present centre-left government is to ensure that both workers and the unemployed receive the same percentage "wage" rise.

Nevertheless, the Dutch are beginning to adopt a far more active approach to job placement, according to Mr van den Berg.

In a recent experiment in the southern town of Helmond, the local job office offered intensive counselling and detailed job-finding assistance to ethnic minorities and the long-term unemployed, who together account for a majority of the people out of work, both locally and nationally.

"What we found was that if you offer intensive placement services and if you get enough support from industry, one-half to two-thirds of these unemployed people in Helmond could be found places," he said.

In spite of such successes, the Dutch labour market is plagued with serious distortions. At a time when 343,000 people, or roughly 6 per cent of the potential workforce, are out of a job, the country has 125,000 job vacancies, particularly in such hard-to-fill sectors as engineering and construction.

The distortion stems, in turn, from the fact that while only 13 per cent of job vacancies call for unskilled labour, some 40 per cent of the unemployed have a primary school education or left secondary school without attaining a diploma.

As the Dutch grapple with their current unemployment problem, they are also having to prepare for labour shortages which loom because of the greying of the population.

The country, which has one of the lowest percentages of working women in western Europe, is increasingly becoming aware that it has will need to attract women not only into the general workforce, but also into jobs such as metalworking that are still seen as the preserve of men.

Ronald van de Krol

The Hague: labour management will be decentralised

KEY FACTS

Area	37,291 sq km
Population	14.8m (1989 estimate)
Head of State	Queen Beatrix
Currency	Guilder (Fl)
Average Exch Rate	1988 $1 = Fl 1.98
	1989 $1 = Fl 2.12

ECONOMY

	1988	1989
Total GDP ($bn)	227.4	223.7
Real GDP growth (%)	2.8	3.5
GDP per capita ($)	15,404	15,084
Components of GDP (%)		
Private consumption	59.8	59.3
Gross fixed investment	21.5	21.8
Increase in stocks	-1.5	-0.5
Government consumption	15.8	15.3
Exports	54.8	57.9
Imports	-50.4	-53.8
Current Account Balance ($bn)	5.4	7.8
Exports ($bn)	98.4	101.7
Imports ($bn)	89.9	93.8
Trade Balance ($bn)	8.5	7.9
Main Trading Partners (% of total value)		
Exports		
West Germany	26.2	25.9
Belgium/Luxembourg	14.7	14.6
UK	10.8	11.1
France	10.8	10.9
EC	74.7	75.3
Imports		
West Germany	26.3	25.7
Belgium/Luxembourg	14.7	14.1
USA	7.6	8.4
UK	7.7	7.9
EC	64.4	63.1
Total reserves minus gold ($bn)	16.1	16.5
Narrow Monetary growth (% pa)	7.3	6.9
Broad Monetary growth (% pa)	7.4	10.2

Source: IMF, Datastream, Economist Intelligence Unit

FOREIGN POLICY

Dutch look for new role to play

AS THE Dutch come to terms with a decline in their once disproportionate influence on the international stage, they are searching sometimes painfully for a new foreign policy role.

At the turn of the year, as the old east-west order disintegrated, they set their heart on playing an important part in the revival of the east European economies. Heading the new European Bank for Reconstruction and Development (EBRD), or hosting it in Amsterdam, would be just the thing.

So they were deeply hurt when the British, French and Americans sewed up a deal to site the bank in London and to make a Frenchman, Mr Jacques Attali, its president.

Many bigger countries would have brushed off such a loss by now. But the Dutch political establishment is still smarting eight months later, and ministers and officials raise the affair spontaneously in conversation as an example of how the Netherlands was let down by those that it saw as its allies.

"It hit this country very hard," says a retired diplomat. "It was a shock to discover that Mitterrand, Kohl and Bush took the decision themselves and that the Dutch were left out."

The Dutch have prided themselves in the past on their ability to heal wounds between nations, to build compromise out of conflict and to play a global role which is out of proportion to the tiny size of the country.

During the 1960s and 1970s, they showed off their talent on a broad front, holding the top jobs at Nato, the OECD and the International Monetary Fund and having sufficient sway at the World Bank to be known as the "Dutch mafia".

That tradition has not disappeared altogether, but the effort has become more focused on Europe. The Western European Union is currently headed by a Dutchman, Mr Willem van Eekelen. The Dutch often act as conciliators within the European Community: Mr Ruud Lubbers, the prime minister, has been praised over the years for his tactful handling of Mrs Margaret Thatcher in resolving differences which have arisen over the EC budget.

And The Hague put forward one of the compromise plans in October which enabled member states – the UK excepted – to settle for January 1994 as the start of the second stage of economic and monetary union, during which a European central bank is to be set up.

The debacle over the EBRD has, however, led to the feeling that the Dutch need to be more calculating and less naive if they are to get their voice heard, even on the European stage.

Against this background, the protests of Mr Lubbers that he is not in the running to replace Mr Jacques Delors, the European Commission president, when the job comes free in 1992, are seen by political insiders as an attempt to keep that option open by not showing too much of his hand.

There have also been calls from some Dutch politicians for the 30-year-old Benelux Economic Union to be upgraded, so that the Netherlands, Belgium and Luxembourg speak with a single, more powerful, voice at the international conference table. Together they have 12 votes in the EC Council of Ministers, compared with the 10 each held by France, Germany and the UK.

Dutch ministers reply that the idea certainly has its uses, but that they also want to keep open the possibility of other alliances, for example with the UK, Denmark or Germany.

"Why should we not co-ordinate (within Benelux) where possible, but without making this a new and dangerous weapon in the EC?" asks Mr Wim Kok, the finance minister, with a wry smile.

The disappointment over the EBRD has helped to reinforce the Dutch belief in greater European union. "An integrated, federally organised structure is a better guarantee to serve the interests of smaller countries," says Mr Pieter Dankert, deputy foreign minister and state secretary for European affairs.

Next July, the Netherlands takes over the EC presidency from Luxembourg, giving it a chance to put its conciliatory skills to work on progress with Emu and political integration. The task of the intergovernmental conferences, which open in 10 days' time (Dec 13/14) in Rome, should be concluded by the end of next year, Mr Kok argues.

There may still be obstacles on the road to Emu, and even greater barriers in the path of political union. But as "pragmatic federalists" the Dutch regard the two as indivisible.

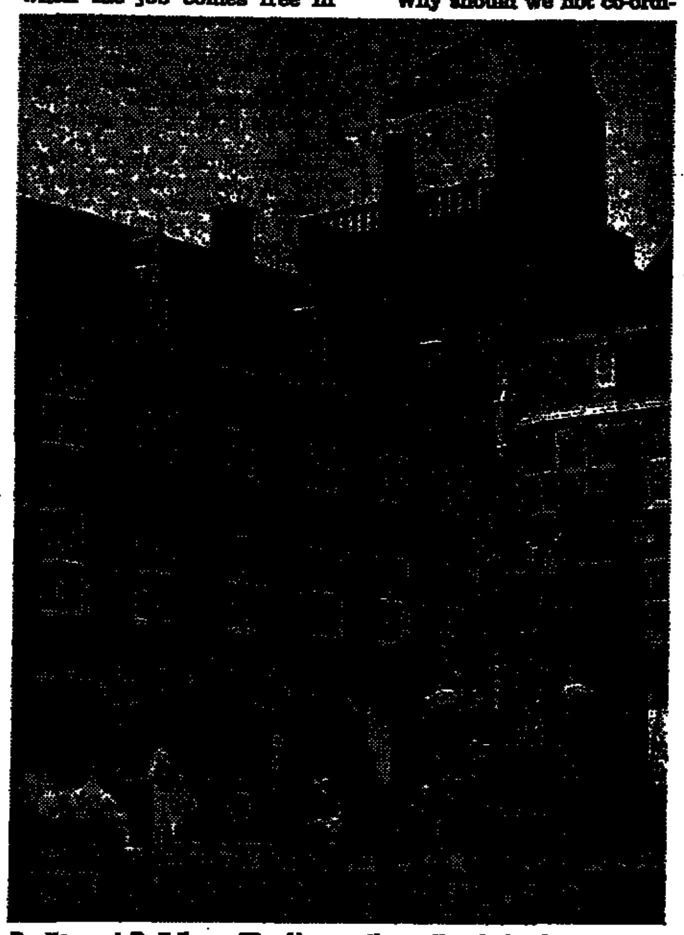
With the completion of the Single Market also occupying member states, and with Luxembourg and the Netherlands in the driving seat, EC business next year promises to be rather down-to-earth compared with the flush of Euro-enthusiasm during the Irish and Italian presidencies.

But Mr Kok denies it will be boring. "Even practical people can be enthusiastic," he says.

Nor has the Dutch enthusiasm for helping eastern Europe been dampened by the loss of the EBRD. Thoughtful initiatives include the Lubbers proposal for a pan-European energy community and the plan by the Hague-based Clingendael institute for international affairs to train young east Europeans in the ways of western diplomacy.

In the immense task of creating a stable Europe, in which prosperity is evenly shared between east and west, the readiness of a small nation like the Netherlands to fight for mutual understanding may well prove to be as necessary as ever.

Alison Maitland



Parliament Buildings, The Hague: the nation is having to come to terms with its declining international influence

PROFILE: BART LE BLANC

High-flyer for the EBRD

NEXT SPRING Mr Bart le Blanc will swap his position as banker to some of the Netherlands' wealthiest people for a job helping the most down-at-heel nations in Europe.

As secretary-general of the new European Bank for Reconstruction and Development (EBRD), Mr le Blanc, 44, will play a key role in the task of building market economies out of the old command systems of eastern Europe.

The transition should prove easy for this high-flying Dutchman, whose first job after leaving university was advising the prime minister on social and economic issues, and who was put in charge of the national budget at the tender age of 33.

Now deputy chairman of Van Lanschot, the oldest private bank in the Netherlands, Mr le Blanc has valuable experience of both the public and private sectors.

He has frequently acted as a troubleshooter for the government on relations between the two sectors, chairing commissions on the use of private funds for public infrastructure and on privatising the Fl 5bn student loan programme.

The establishment of the EBRD in London last spring, with Mr Jacques Attali, the French presidential adviser, as its head, caused severe disappointment for the Dutch, who had proposed the former finance minister, Mr Onno Ruding, for the top job, and Amsterdam as a possible location.

"It's too easy to think that a market economy will grow automatically"

But Mr le Blanc dismisses the suggestion that his appointment was a sort of compensation for this, explaining it in terms of the international make-up of the executive committee and of the proportionally large Dutch stake of nearly 3 per cent in the bank.

Mr le Blanc is looking forward to working with Mr Attali, despite the latter's reputation for brusqueness. He sees similarities between Mr Attali and the late Labour prime minister, Mr Joop den Uyl, whom he served in the late 1970s.

"Mr den Uyl was a very visionary intellectual Labour Party politician, with broad views on how society must work and how people must help each other," he says. "Mr Attali has the same intellectual approach towards relevant factors in societies and is very much a thinker and a source of inspiration."

After gaining a degree in economics and a doctorate from Leiden University in "economic theory and social security", Mr le Blanc spent five years rising rapidly through government ranks in what he modestly describes as a series of career "coincidences". He moved to Van Lanschot in 1983, becoming deputy chairman in 1986, and was due to take over the chairmanship next July.

Bart le Blanc

As secretary general of the EBRD, his job will be to liaise between the bank and the board of directors, who represent the 41 shareholding countries from the industrialised world and eastern Europe. By 1992, his initial staff of about 250 will have grown to between 400 and 500.

He will be one of the younger members of the management team, which includes such prominent figures as Mr Ernest Stern, a senior vice-president of the World Bank.

Mr le Blanc points out that many of his future colleagues on the team have reached the peak of successful careers and thus bring with them not only a great deal of enthusiasm about the project but also a determination to build "a super working machine".

Of the bank's three intended functions in eastern Europe – lending, investment, and advice and technical assistance – he regards the last as a priority.

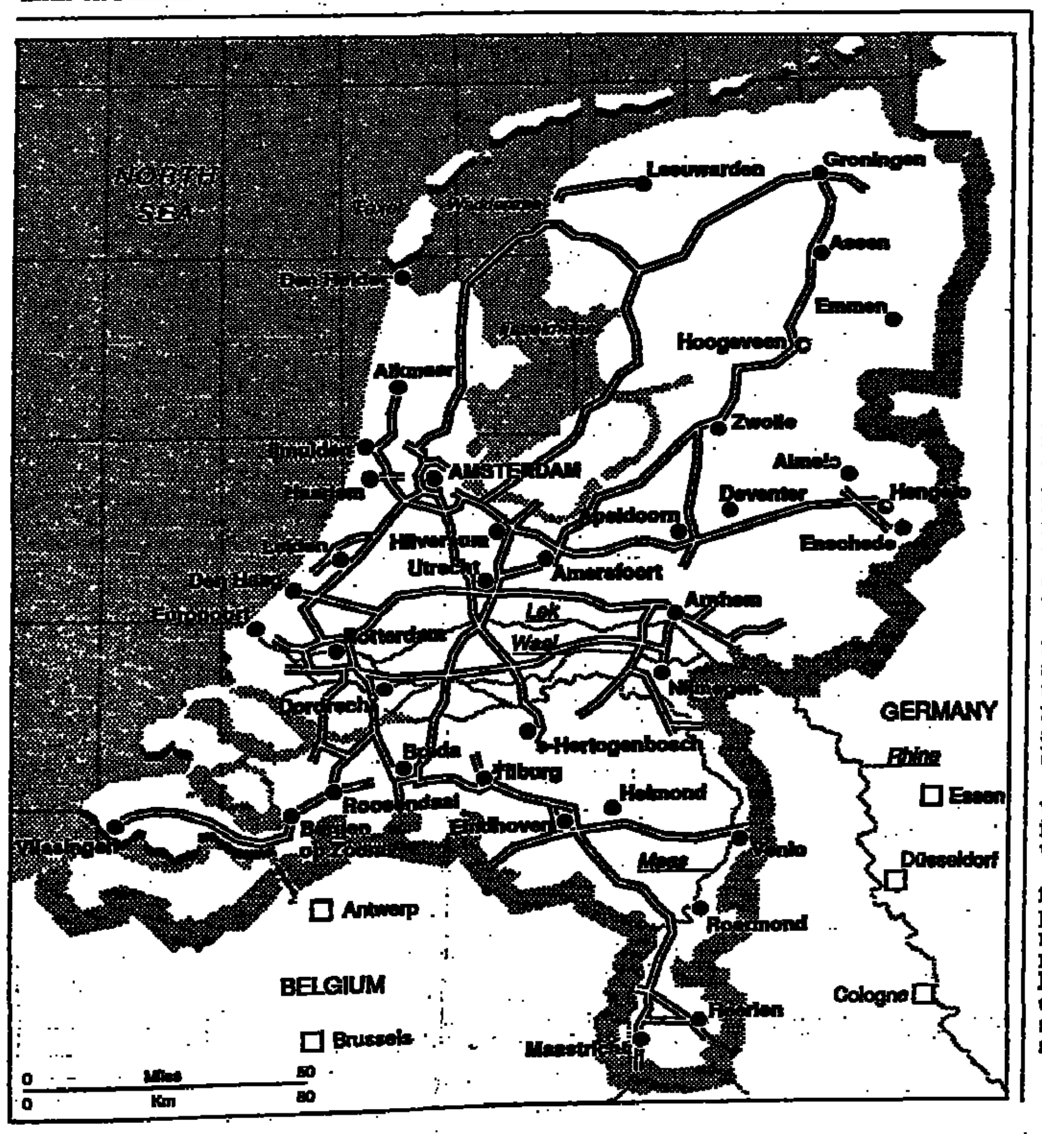
He clearly believes that simply throwing money at the problem – and the bank will be capitalised at only £7bn – is not the answer. East European countries must first build up a reliable infrastructure of banks, stock exchanges and corporate and financial regulations.

"It's too easy to think that a market economy will grow automatically," he says. "We in the west tend to forget that a market economy needs a substantial list of rules and built-in checks and balances."

Mr le Blanc hopes to start work in London in March and is to be joined soon after by his wife and young son.

He knows and likes the city from time spent in it during previous visits, and his avid reading of more than 10 of the novels of thriller writer P D James will no doubt be of considerable help in understanding the quirks of English society.

Alison Maitland



TRANSPORT

Overcrowded sector needs unclogging

THE ROADS in the "Randstad", the densely-populated urban arc that extends from Amsterdam to Rotterdam, are fast becoming clogged, raising concern that the country's main economic belt may one day suffer a paralysis of epic proportions.

The transport ministry has a solution to hand – an exhaustive traffic management plan that runs the gamut from improving bicycle lanes to investing in public transport, and from restricting the size of company parking lots to encouraging businesses to move goods by water rather than road.

The sweeping plan, which is still being considered by parliament, is inevitably a complex one in a country that is both cursed and blessed by its geography.

Its location at the mouth of the Rhine and its possession of Rotterdam, the world's largest port, makes the Netherlands a natural conduit for goods moving in and out of Europe. However, its four main cities – Amsterdam, The Hague, Utrecht and Rotterdam – are all within an hour's drive of each other. The resulting overcrowding of the roads is highly frustrating, both to commuters and the country's road hauliers.

For this reason, transport is always one of the most contentious of domestic political and economic problems. The issue which brought down the previous government was an internal coalition dispute on capping the tax deductions which commuters were allowed to take for their travelling expenses.

The transport ministry is still the hottest seat in the cabinet, as the current minister, Mrs Hanja Maij-Weggen, has discovered. Her plans to discourage car travel by making it more expensive have provoked outrage among die-hard car drivers, some of whom have now taken to sporting bumper stickers with texts such as: "Warning: I don't brake for Maij-Weggen."

Ultimately, the fate of the proposed plans rests with parliamentary and public acceptance of price mechanisms aimed at making car travel less attractive. For all their fury at lengthening tailbacks, Dutch commuters are attached to their cars and appear unwilling to give them up voluntarily.

The plan seeks to rid the roads of all unnecessary traffic between now and the year 2010. Its main focus is getting commuters out of their cars and on to public transport.

Professional traffic – that is, freight and business movements – will be spared as far as possible in order to protect this vitally important sector of the Dutch economy.

Another official goal is to shift further growth in freight traffic away from the roads and on to the country's fleet of barges and on to its railways, which currently carry only a small percentage of Dutch freight traffic.

The ministry's plans for long-term traffic management were spurred by alarming projections that see car use rising by as much as 70 per cent by 2010 if nothing is done.

To finance the plan, the government will need an extra Fl 300m per year in the early years, over and above existing transport spending commitments.

In later years, substantially larger sums will need to be found. In total, the Dutch state will be pumping about Fl 20bn into public transport and Fl 15bn into the road network, with road investment to be concentrated on improving existing motorways rather than building new ones.

Resistance to higher commuting costs is strong, however. To date, parliament has blocked a proposal to raise petrol excise dates by 8 cents. The proposal, originally due to take effect from November 1, was effectively killed by the general rise in petrol prices at the pump following Iraq's invasion of Kuwait earlier this year.

Another key element of the

A tram in Amsterdam: plans aim to get commuters out of their cars and on to public transport

Hanja Maij-Weggen

plan – the use of an automatic and electronic system of toll collection known as "road-pricing" – has also met opposition from parliament and has been frozen for the time being.

Still unclear is the ministry's hope of winning acceptance for a "rush hour levy". This would mean commuters wanting to use their cars at peak periods would be required to pay a surcharge on their vehicle tax.

These types of measures are deeply unpopular. Tolls on roadways and bridges are as yet virtually unknown in the Netherlands, and car owners already pay high rates of petrol excise tax and motor vehicle tax. Government plans to build five tunnels around Amsterdam and Rotterdam with the help of private-sector financing are proceeding slowly, in part because this issue of tolls has yet to be resolved.

"If we have to pay tolls here, and Antwerp for example does not, then Rotterdam and Amsterdam will be put in a disadvantageous position," says Mr Dick van Karnebeek, director of the Holland International Distribution Council.

Despite the crowded roads, Dutch road hauliers remain the market leaders of Europe, accounting for 25 per cent of all transnational lorry traffic on the continent. Mr van Karnebeek says that this share is likely to rise rather than fall as Europe's transport industry is liberalised.

Ronald van de Krol

MERGERS & ACQUISITIONS

Fortifications against change

SHAREHOLDERS IN the Netherlands are getting restless. After decades of passive acquiescence with the virtually unlimited powers of management, they are beginning to demand greater influence and a better return on their investments.

As yet there is little official willingness to alter the rules of Dutch corporate life. But impending EC legislation, the intrusion of Anglo-Saxon ideas of share ownership and the willingness of a few stalwart investors to challenge the establishment are forcing a change in sentiment.

Investors' rights are restricted by a bewildering array of anti-takeover barriers available to managements which, together with the power of trade unions, mean that there have been only a handful of hostile bids in the Netherlands.

"Shareholders should have some influence on company policy, for example in being able to fire the board of directors," says Mr Robert De Haze Winkelman of the VEB shareholders' lobby, which has 11,000 private and institutional investors as members.

"In Holland shareholders have no say at all because of these anti-takeover barriers. Their influence is zero."

One of the main barriers is the power of the supervisory board, which larger companies must have by law in addition to the management board. The supervisory board appoints itself and the managing directors and adopts the accounts. Shareholders cannot change either board once it has been put in place.

In addition, managements may issue priority and preferred shares to friendly parties or foundations in order to protect against unwanted approaches.

According to a report by Coopers & Lybrand, the chartered accountants, on barriers to takeover in the European Community, about 50 per cent of quoted Dutch companies have supervisory boards, 53 per cent are protected by priority shares and 48 per cent have a provision in their articles enabling them to issue preferred shares.

The rights of ordinary shareholders can be further diluted by a company issuing all its shares to an allied depository, which retains the votes and merely issues outside investors with depository receipts. Cross-shareholdings help to reinforce the status quo, and members of one management board often sit on the supervisory boards of other companies.

Given such fortifications

The Dutch system was founded on the social welfare revolution

against change, it is not surprising that equity investment is not prized in the Netherlands – one family in 15 owns shares – nor that the absence of takeover prospects is reflected in traditionally low price/earnings ratios on the Amsterdam Stock Exchange.

Yet it is hard to find anyone who would welcome a wholesale shift to the US or UK style of free market, where management is primarily responsible to its shareholders.

The Dutch system, under which managements must act in the joint interests of employees, shareholders and the company itself, was founded on the social welfare revolution of the 1960s and 1970s and is still widely accepted as one of the main planks of society today.

The watershed for hostile bids in the Netherlands was Elsevier's attempted takeover of fellow publisher Kluwer in 1987. "It was the first hostile bid in a bull market and at a time when the tendency towards concentration in the Europe of 1992 was coming," says Mr Jan Quist of Pierson, Heldring and Pierson, the Dutch merchant bank.

Elsevier failed in its attempt, when Kluwer brought in a third publisher, Wolters Samson, as a "white knight". But a trend had been set. In terms of the parallel issue of shareholders' democracy, the 1988 saga of Nedlloyd, the transport and trading company, was a crucial one.

Mr Torstein Hagen, a Norwegian shipping expert and minority shareholder, took on the management and, at a stormy 12-hour meeting, won his case that an issue of preference shares should be abandoned. In subsequent months Nedlloyd also adopted some of the strategy changes he had suggested and the share price rose in sympathy.

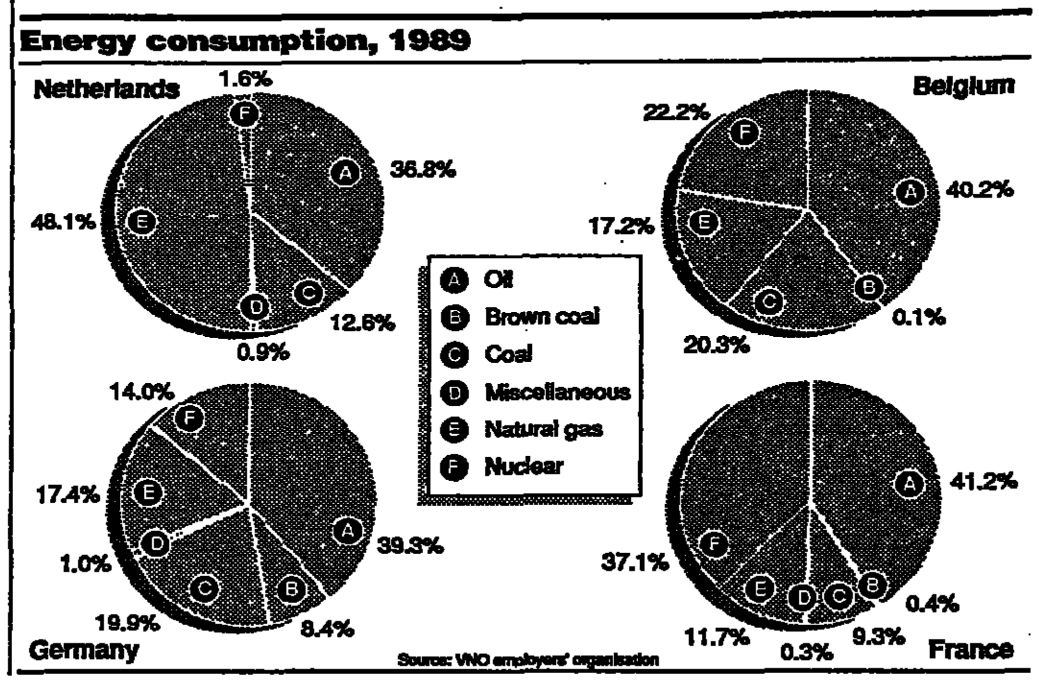
The shareholders' lobby, and some parts of Amsterdam's financial community, are pinning their hopes for material change on the EC's 13th directive on company law, under which anyone acquiring a third of a company's shares would have to make a public bid and no further "poison pills" could be introduced by the target company.

The second element is the subject of fierce opposition from the influential Dutch Social and Economic Council, an organisation representing workers, employers and the government. As a result, ministers are expressing concern that the European Commission's plan will not guarantee employees' rights in the case of an unfriendly takeover.

Mr Quist of Pierson concedes that the Dutch regulatory situation has not changed at all in favour of shareholders. But he detects signs of movement elsewhere. "Companies are much more aware that it's in their interests to please shareholders and to have higher valuations on the stock market," he says.

"Managements are trying to be more transparent... People are very well aware about the proposed EC legislation and sooner or later are convinced that something will happen in that respect."

Alison Maitland



The nuclear issue is as unpopular as ever

Old wounds reopen

NUCLEAR POWER is creeping back on to the political agenda in the Netherlands, reopening old wounds in a population that had long regarded the issue as closed.

The frightening consequences of global warming, and the renewed uncertainty about world oil supplies created by the Gulf crisis, have given an edge to arguments by the government and the energy industry that the nuclear option must be reconsidered.

Mr Koos Andriessen, the economic affairs minister, said last month that he envisaged nuclear power supplying as much as a quarter of Dutch energy needs by the year 2050, with fossil fuels providing 50 per cent and alternative energy such as wind and solar power the remaining 25 per cent.

Taking the concrete steps is quite another matter, however. Public abhorrence of the nuclear option is such that Mr Andriessen does not expect any decision to be taken during his remaining three years in office.

An opinion poll by Leiden University last year showed that about 85 per cent of the population opposed the building of new nuclear reactors. This can be explained partly by the fact that the Netherlands is small and densely populated, with few potential sites at any distance from centres of habitation.

There is, too, a general suspicion of new technology. When asked in a European Commission study this year "whether the advantages of science outweigh the disadvantages", only 30 per cent of Dutch people agreed, the lowest score of all, compared with an EC average of 46 per cent.

The legacy of Chernobyl is also powerful, especially as the disaster came at an exceptionally sensitive time for the Dutch. The nuclear debate had ground on with much talk but little action from the early 1970s until the first government of Mr Ruud Lubbers in 1984, which decided to build 4,000MW of nuclear capacity.

Parliament approved this in 1985. In April 1986, it was due to vote again, this time on the sites. On the eve of the debate, the Chernobyl reactor

Chernobyl hardened public opinion with a vengeance

exploded. Public opinion, which had softened during the early 1980s, hardened with a vengeance, and the plans were relegated to the back burner.

Now the energy ministry is calling for another re-think and has persuaded parliament to approve a Fl 38m research study into "inherently safe" nuclear reactors and ways of storing and reducing the lifespan of radioactive waste.

Currently nuclear power – in the form of one 450MW reactor and a 50MW demonstration plant – supplies just 1 per cent of all the Netherlands' energy and 6 per cent of its electricity. That compares with an average nuclear share in west European electricity supply of 30 to 35 per cent.

By contrast, natural gas, which the Netherlands has in abundance, accounts for about 52 per cent of its energy consumption, far higher than the 20 per cent average for western industrialised countries.

The ministry says that the Netherlands is too dependent on natural gas. Reserves, although safe at current consumption levels for at least 25 to 30 years, cannot be counted on indefinitely and imports would make the Netherlands vulnerable to volatility in the price of oil, to which gas is closely linked.

Coal is problematic because of its harmful effects on the environment. The government intends to stabilise CO_2 emissions by 1994-95 and reduce them by 3-5 per cent by the year 2000 under its ambitious National Environment Plan. In a low-lying country like the Netherlands, the danger of rising sea levels associated with global warming is all too obvious.

Mr Niek Ketting, chairman of the electricity producers' association, argued earlier this year that more nuclear power was needed to meet the longer-term CO_2 targets.

The targets actually take into account three coal-fired power stations totalling 1,800MW, which are planned or under construction, as well as a new 250MW coal gasification plant. The electricity industry, anxious to compensate for the large station planned near Rotterdam, is funding a Fl 1bn 25-year scheme to plant trees around the world.

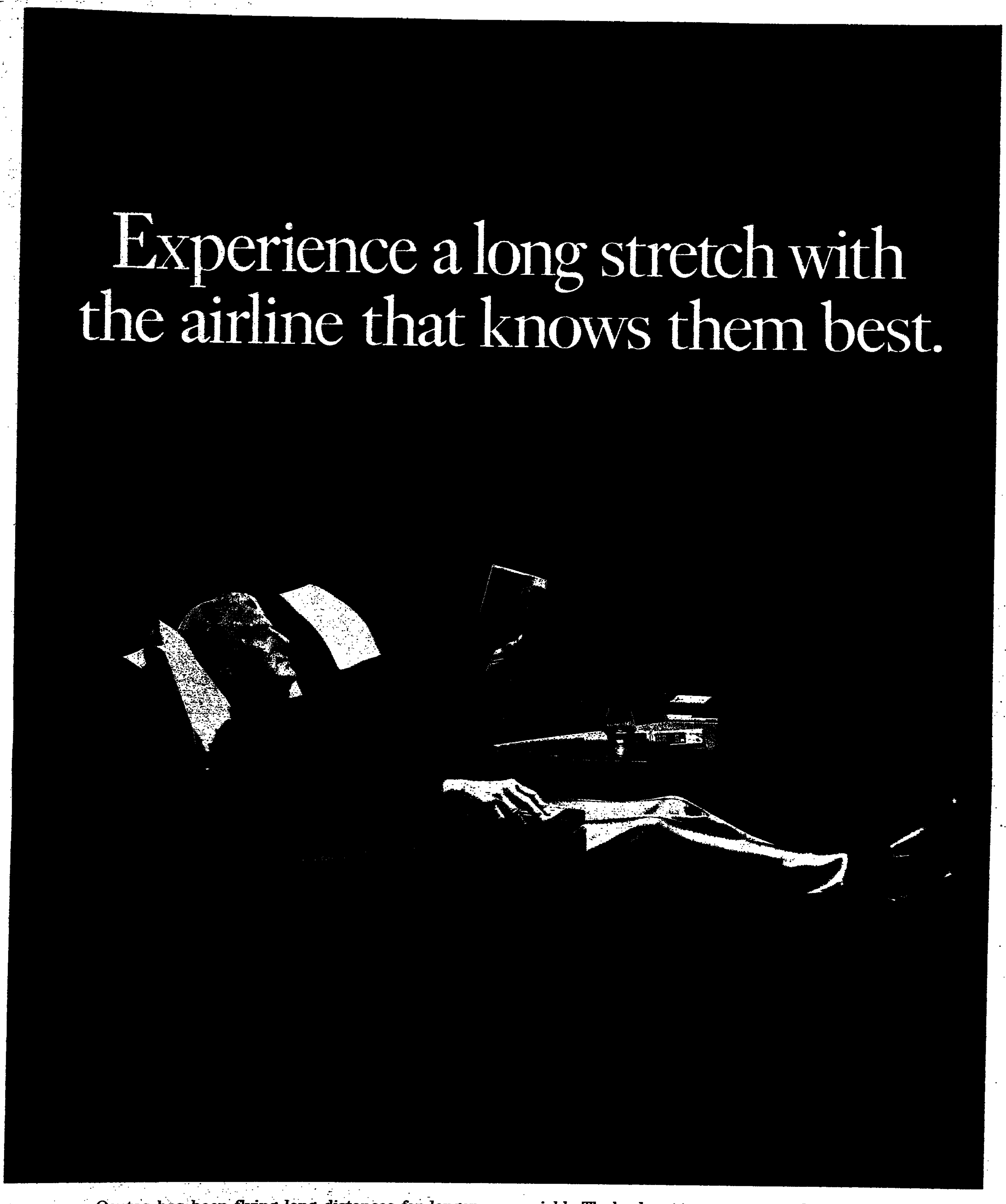
Opponents of nuclear power argue that more drastic action is needed, both on conservation, which will absorb Fl 650m of public funds a year, and on research into renewable energy forms, which at present provide less than 1 per cent of Dutch energy.

The degree of opposition varies. Green Left, an alliance of small parties with six seats in parliament, is not only against nuclear energy but also any research into "safe" reactors, claiming it is a waste of money and will produce no results.

Mr Lucas Reijnders, professor of environmental science at Amsterdam University and the guru of the ecology movement, favours the study.

The Labour Party, which is part of the ruling coalition, once fiercely opposed nuclear power but says it would now accept it on condition that reactor cores could be secured against meltdown and that waste could be made safe. But Mr Kees Zijlstra, Labour energy spokesman, admits: "We'll still need a long period of confidence-building to get acceptance from the population, even on these two conditions."

Alison Maitland



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TECHNOLOGY

Doing business the IBM way

By Alan Cane

INTERNATIONAL Business Machines has over the past few years formed a number of partnerships and alliances with small software companies. Its aim is to put down a marker in the expanding world of applications software where it is short of knowledge and expertise.

The companies themselves hope to benefit financially and strategically from "Big Blue's" approval and patronage. But those who sup with the world's largest computer manufacturer, however, are finding that they must use a long and convoluted spoon.

Douglas Kahn, president and chief executive office of Easel Corporation, a US corporation specialising in graphics software in which IBM bought a 10 per cent share for $2.5m in 1989, was one of the first to run the gauntlet of IBM's contractual procedures, a process he describes as "spectacularly unbelievable".

Most of the snags arose from IBM's sheer size, its central position in the industry and the integrity with which it conducts its business. Take, for example, its approach to software licensing. Software for large computer systems is rarely sold. Instead it is licensed, giving the customer the benefit of regular updates without having to buy a completely new software suite.

Easel typically licenses its software over 99 years. This troubled IBM. "We are going to be around in 100 years and we do not know how we will collect all that software" was the gist of its complaint.

Contractual difficulties apart, IBM's relationship with Easel illuminates the way the software business is developing.

Easel makes a special kind of software, a toolkit of programs which makes it simple for programmers to write software with a graphical user interface (GUI). In the UK, Easel's software is used by Marks and Spencer, Sun Alliance and Norwich Equitable, among others.

The GUI is a principal trend in modern software. Pioneered by Xerox and Apple, the GUI – showing pictures on the screen rather than text – will become universal in the next decade. The results can be visually attractive and easy to use by people who are not computer experts. An inventory system for a vehicle plant, for example, might feature pictures of motor cars and parts coupled with the numbers and delivery dates.

Systems of this kind are difficult to write. They usually require expertise in a language such as C or assembler. As Kahn points out: "There are about 1.1m applications programmers worldwide writing programs to run on 50m personal computers. Less than 5 per cent of them are capable of writing in C."

Easel's software can be used to write new applications programs with a GUI; it can also be used to add a GUI to old programs. In effect, it acts as a translator between old programs running on a mainframe and a PC. It is ideal for developing information systems tailored for the use of senior executives. The system is used by Comshare in its market leading "Commander EIS" product.

From IBM's point of the view, however, the chief importance of Easel is as a way of boosting OS/2, IBM's operating system of choice for its new families of PCs. OS/2 is not proving as popular as IBM had hoped. Easel/2, launched last year, makes it simple for programmers to write applications running on OS/2 which use the system's graphics capabilities.

Programs written using Easel/2 obey IBM's systems application architecture rules which define the "look and feel" of an IBM system. The rules are built into Easel; the programmer does not have to bother learning new and complex sets of procedures.

The company wrote a graphical interface to Profs, IBM's office automation software, using minimal resources. It also clinched the quality of Easel in IBM's corporate mind: "It was inconceivable to them that we could do all that with one part-time programmer," Kahn recalls.

The final contract committed IBM to taking an equity stake in the company, signing a 10-year joint development agreement and marketing the Easel/2 version of the software as an IBM product.

David Fishlock looks at how Glaxo developed its new asthma drug, launched yesterday

Gripped by the special effects

Glaxo scientists believe they may have uncovered a new mechanism by which drugs work. In developing its latest drug for treating asthma, launched this week, Glaxo has discovered a mechanism that offers long-term effect without invoking new side-effects.

In 1982 Glaxo began to seek a solution to what doctors saw as the biggest problem with the drugs they were using to manage asthma, namely that they failed to allow patients a good night's sleep. These medicines were introduced in the 1960s and are inhaled straight into the patient's lungs.

Effective as they undoubtedly are, the effect lasts only a few hours, rarely much more than four. Asthma attacks often occur while people are in bed, sometimes prompting emergency calls to GPs around dawn. What the scientists wanted was the same specificity, tolerance and lack of side-effects, but persisting for at least eight hours.

This cannot be done merely by a new delivery system, say by drip-feeding it through a sachet stuck to the skin, as is done for angina. The chemicals must be delivered straight into the lungs. If distributed more widely they act slowly and are accompanied by unpleasant side-effects.

"So we knew what we could not do to solve our problem," says Roy Brittain, who retired last week as deputy chief executive of Glaxo Group Research. Scientists concluded that the answer lay in a compound with similar properties to salbutamol, the anti-asthmatic Glaxo introduced under the name of Ventolin in 1969, but which adhered more firmly to the cells of the lung.

What they needed, they reasoned, was to give salbutamol the ability to stick firmly to two separate points on the cell membrane: one being the receptor it acts upon. The other, known as an exo-site, acts as an anchor-point away from the action. Such a concept of a long, flexible molecule attached to the exo-site which gives the drug its persistence was described as the charnière principle – the French word for a hinge.

Brittain's team experimented with various compounds composed of a biologically active end that acts, like salbutamol, on smooth muscle cells to suppress spasms, and another end than sticks to an adjoining exo-site, with the two ends linked by what he calls a "washing line" of carbon atoms. The molecule behaves like a hinge, detaching and then reattaching to the receptor site, while remaining anchored at the other end.

Like salbutamol, this new molecule has a potent effect in relaxing smooth muscle, so that the lung passages open swiftly and freely. But unlike salbutamol, it is not easily dislodged from its exo-site, even by such agents as beta-blockers which may dislodge the active end of the molecule from its beta-receptor.

The result, Glaxo scientists claim, is a unique drug mechanism that produces a long duration of action without desensitisation.

The next big question was whether it would work in patients as well as in guinea pigs. According to James Palmer, who as Glaxo Group Research's director of clinical research is the doctor who supervised the clinical trials of the new drug, called salmeterol, "it exceeded all our expectations". The first patients were treated in 1986 by Neils Svedmyr, a Swedish physician in Gothenburg.

The following year Palmer launched large-scale clinical trials in about 700 patients. "We saw the efficacy of the drug really coming through, even in patients with mild to moderate symptoms." Above all, the patients reported that they felt better – something he attributes partly to their unbroken sleep. Patients were also engaging in such activities as swimming which they had avoided before.

Today, with more than 5,000 patients treated with salmeterol – over 1,000 of them for more than a year – the pattern of patient responses in his clinical trials remains constant, says Palmer. They also have evidence from the sleep laboratory at Edinburgh University that the drug increases the time patients spend in stage four sleep – the most beneficial phase.

Salmeterol is not a variant of salbutamol (Ventolin) but a different molecule with a different mechanism, Palmer maintains. Still more important, it appears to have an action that is not found in salbutamol or the other inhaled beta2-stimulants born in the 1970s. Salmeterol behaves as an anti-inflammatory, treating inflamed airways. But the reason for this, he admits, is not fully understood. Glaxo's scientists have devised tests that convince them the drug is releasing known mediators of inflammation such as prostaglandins.

What is clear, however, is that asthma is a conjunction of two different disease processes, one being the spasm of the smooth muscle lining the respiratory passages, which causes them to narrow and reduce lung function. This constriction is responsible for the characteristic wheeze and breathlessness. The other process is inflammation of the same airways. Currently, doctors treat constriction with inhaled beta2-stimulants and inflammation with inhaled steroids.

Asthma is an under-rated disease, some doctors claim. It is widely believed that asthma is not a killer disease, yet in Britain alone about 2,000 people die from it each year. The National Health Service spends some £400m a year in managing the disease. And, according to Palmer, it is on the increase.

Tim Clark, dean of the united medical schools of Guy's and St. Thomas's Hospitals in London, is chairman of Action Asthma, a new pressure group which aims to raise the medical profile of the disease. He heads a group of chest physicians and GPs who want to reduce the high cost and inconvenience of the disease, as well as its death toll. Its aim is to convince doctors and patients that asthma should be managed so patients can have "a life free from symptoms with as near normal lung function as possible".

Glaxo's hopes for salmeterol, launched in Britain as the drug Serevent, rest on it having the potential for managing safely both broncho-constriction and inflammation in asthma. It could thus provide doctors with an effective way of managing a debilitating disease. Scientists such as Brittain and Palmer see it as a big contribution by scientific research to people's "quality of life".

The exaggerated cost of software

By Paul Abrahams

TECHNICALLY SPEAKING

Packaged software in Europe is overpriced and its high cost encourages people to break the law.

Microsoft, the supplier of the best-selling Windows 3 program, admits that it normally sells products at prices between 25 and 28 per cent higher outside North America. The company justifies such pricing by arguing that the North American market is over-competitive; margins are only 3 per cent. Microsoft adds that because of the size of the US, it enjoys economies of scale not found in any individual European country.

The distortion in pricing is exacerbated by the weakness of the dollar. If Microsoft sold its Word for Windows program in the UK at the same price as it does in the US – $495 – it would cost British customers about £250. Instead the package costs £395 – a distortion of 47 per cent. Many British consumers are paying more for Wordperfect 5.1 – retail price £425 – than they did for their first computer.

The consequence of such prices is widespread software piracy. Wordperfect Corporation estimates that it has 350,000 legal customers in the UK and two to three times more illegal users. It also believes that 10 per cent of legal users have imported their software from the US.

The software industry lost £300m last year from piracy, according to the Federation against software theft (Fast). A recent poll by Mori estimated that there are 2.4m PC users breaking UK copyright law. The problem is worse in other European countries.

Although there will always be a minority of people willing to break the law, most users have a strong sense of natural justice, recognising when products are not good value for money. The software manufacturers have aggravated the problem by selling expensive products that include many more features than the average user wants or needs.

The software groups justify the high price of their products by arguing that they need to recover the enormous investment they make in research and development each time they publish a new generation of program. Wordperfect Corporation has 500 people working on new products.

They also justify high prices by arguing that they are necessary in order to finance after-sales support. In the UK alone, there are 40 people at Wordperfect providing advice.

The companies are to be commended for avoiding the temptation of reverting to copy-protected software which prevents users making more than one copy of any disk. Instead, they are trying to educate the public, and in particular large corporations, about piracy.

There is, however, a simpler strategy available to the software companies if they want to combat piracy successfully. They should offer simpler products providing the basic functions required by their customers, while using the price mechanism to provide users with packages that are perceived as providing value for money. Their simplicity would have the added advantage that less after-sales support would be needed.

Admittedly, Wordperfect Corporation already has such a program, called Letterperfect, but it is not promoted to anything like the extent of Wordperfect 5.1.

These less complex programs need to be marketed and supported effectively. Compatibility with their more complicated brothers also needs to be ensured so that it is possible to upgrade the files for use with the full versions. In effect, the simple programs would become marketing tools for their more powerful brethren.

The reduction in prices would increase sales and provide less incentive for honest individuals to be tempted by the blandishments of theft.

OBITUARY

Aaron Copland

Aaron Copland, who has died at the age of 90, was the first important American composer of modern music, and the first to win wide and enduring popularity. It is no exaggeration to say that Copland's influence has been felt in almost every branch of 20th-century American music.

Of immigrant Jewish stock, Copland grew up in Brooklyn, in circumstances comfortable but unlikely to foster outstanding musical talent. But early studies under Goldmark encouraged him, at the age of 20, to leave for Paris and to become one of the earliest American students of Nadia Boulanger.

The crystallisation of his personality as a composer was a direct result of exposure to her distinctive, rigorous teaching method, with its roots in Bach and Stravinsky. Copland's first notable compositions were *Music for the Theatre* (1925) and the Dance Symphony (1930); his interest in jazz and other forms of popular American music was only a part of that genuine sense of American-ness which set Copland apart from all other earlier American composers of importance with the exception of Charles Ives (in whom Copland had showed an early interest).

In the mid-1920s Copland had returned to New York, where he was to become a powerful force in the encouragement of American composers and the dissemination of American music. In the following decade he commenced on a series of ballet scores, the most famous of which was *Appalachian Spring* (1944) for Martha Graham; in them his blend of modern constructional procedures and open-spaced, American-accented texture and melody made an enormous impact throughout western music.

Alongside his popular scores, which included *El salón Mexico* and several film scores, Copland continued to compose in more serious, "difficult" vein (such as was demonstrated in the three remarkable works – Variations, Sonata, and Fantasy – for solo piano). But even here his peculiarly succinct, fresh-air compositional character was never lost. In later years, as sources of creative inspiration began to dry up, Copland was content to fill the role of Grand Old Man of American Music – teacher, ambassador, writer, conductor – and he did so with a unique laconic humour and charm.

More ambitious and more powerfully "intellectual" composers such as Elliott Carter – who has several times admitted his debt to Copland – may subsequently have pushed serious American music to higher degrees of complexity than Copland could ever have contemplated; but the best of Copland's music has ensured him an unshakeable place in the history of 20th century music. In the 1960s and '70s he formed a strong association with the London Symphony Orchestra; his lithe, unexaggerated podium presence was a guarantee of some of London's liveliest concerts.

Max Loppert

The heraldry of the everyday

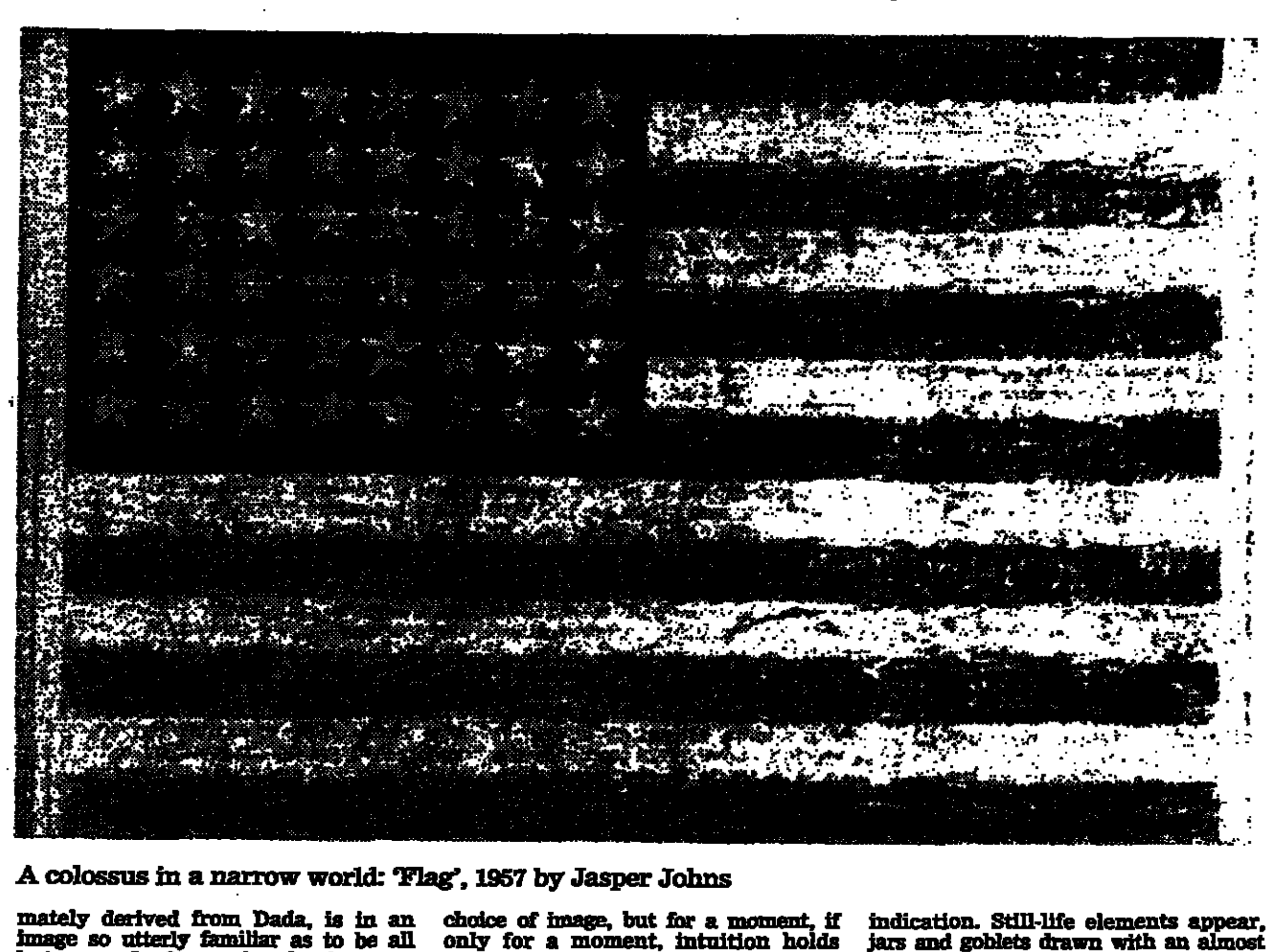
William Packer reviews 'The Drawings of Jasper Johns' at the Hayward

The American painter, Jasper Johns is now 60 years old. He first made his name in the mid 1950s with his simple, dead-pan reworkings of targets, stencilled alphabets, beer cans, the Stars & Stripes – the heraldry, as it were, of the everyday. Such imagery and source of inspiration largely sustained him through the earlier part of his career, and still recurs, but its range has been much extended since the mid 1960s, by the addition of abstract cross-hatchings, patterns taken directly from common linoleums and wall-papers, and an increasingly eclectic battery of art-historical and domestic references.

With *The Drawings of Jasper Johns*, the thorough retrospective that now fills the principal galleries of the Hayward Gallery (until February 3: sponsored by Texaco), we have the opportunity to pass the entire career in review. And what a career. In a period of American art scarcely modest in the claims made on its behalf, and most generously sustained in the market-place, Johns bestrides his narrow world like a colossus. Others – Warhol and Rauschenberg, Dine and Stella, Twombly and Oldenburg – may still hold their place, but at $12.1 million, which his "Two Flags", an oil and encaustic polyptych of 1973, fetched at auction in New York a year ago, Johns stands alone.

It must be said at once that Johns is indeed an artist of considerable significance, his historical position secure even had he done nothing after 1965. In the mid 1950s he had been fortunate to be in the right place at the right time, but not entirely alone in his good luck. Within the next ten years many of his contemporaries would be similarly if variously preoccupied. Some, such as Stella, Noland, Twombly, would stay with abstraction while others, Warhol, Oldenburg and Rauschenberg for example, would always be openly committed to the figurative Pop-art reference.

But it fell to Johns to express with peculiar force the creative tension crackling between those twin peaks, abstraction and representation. In the early drawings we see him repeatedly establishing fields of tone and graphic texture, quite empty of reference, only he cannot, will not leave them at that. He must always impose an extraneous formal element or reference upon this flattened, shallow space. Two small balls will squeeze the field open and apart, to let in a modicum of light and the merest suggestion of a pictorial space. More often is the field itself as image – a map, the Stars & Stripes, letters or numbers laid out across the sheet as though in the box of type. Johns always remains in essence a graphic artist, never moving much beyond the surface but rather disposing his images across it. The interest, ultimately derived from Dada, is in an image so utterly familiar as to be all but purged of meaning by its very banality.



A colossus in a narrow world: 'Flag', 1957 by Jasper Johns

It is all done most effectively, but whether to $12m effect is a another matter. Much is made here of Johns' distinction as a draughtsman, and certainly the early work has a quality of concentration to it, an intensity of working the actual surface, that is imaginatively engaging and even moving. I have heard it said in his justification that here, as indeed throughout the oeuvre, we find him exploring the nature and range of the marks available to him, in charcoal, crayon, pencil and so forth, but that is only to elevate the art-school exercise to the level of real intellectual engagement. The further suggestion is that such apparent application of the intellect itself supplies the distinction to the work.

The contrary would seem to me to be the case, that here we see the young artist carried away, forgetting himself in the attention he is giving to what he is doing, which is the physical making of the thing. Self-consciousness intervenes soon enough, even by the very choice of image, but for a moment, if only for a moment, intuition holds sway.

But, if only by contrast to what comes later, it is easy to exaggerate the quality even of these early drawings. Enthusiastic commitment in a young artist is admirable in itself, but not necessarily earnest of mastery, and the truth is that Johns has never been a great draughtsman. And as he has grown older, and the work become increasingly a matter not of true creative development but of repetitive variation, so his drawing has not improved. It is this gap between the reputation and the performance that is so curious.

In the very latest work, we discover all the signs of a destructive, even arrogant complacency. Images are stated but no longer resolved, as once they were for all their technical limitations, for surely, in the hands of a master, the statement is enough. And so in the large composite cartoons of the "Seasons" series, we have the human figure in silhouette drawn as a policeman might chalk out a corpse. A skull appears, but as a mere cypher and indication. Still-life elements appear, jars and goblets drawn with an almost adolescent naivety as to the great graphic tradition of the description of form in space. And passing reference to the works of the masters, whether it be to Picasso or Leonardo, simply makes his technical inadequacy the more poignant. But all is skilfully tricked out with texture and pattern, overlaying and interrupting the surface and confusing the issue. If Johns is a master, it is one of distraction and disguise.

Around 1980, rather in the way of the two small balls of the early works, Johns took to inserting a pair of testicles, drawn no less delicately than Desperate Dan's chin in the comic, into his cross-hatched fields, along with an indication of a skull. "The bluntness of the imagery", says the handsome catalogue, "indicate (sic) the extent to which the theme of sexuality, as a metaphor of life or creativity, pictured in combination with mortality, is an important subject in Johns' work." In the context, an even blunter epithet springs unbidden to the mind.

Semiramide

METROPOLITAN OPERA, NEW YORK

Back in 1919, Kobbé wrote: "*Semiramide* seems to have had its day. Yet, were a soprano and a contralto capable of doing justice to the roles of Semiramide and Arsace to appear in conjunction in the operatic firmament, the opera might be successfully revived, as it was for Patti and Scalchi."

Semiramide has been much performed since its successful revival at La Scala in 1962, with Joan Sutherland and Giulietta Simionato: the annals list some 50 presentations, and several of them, from that Scala revival onward, have been reviewed in these pages. Montserrat Caballé and Marilyn Horne joined in many of them. But no one had sung the opera at the Met since Melba, in 1894-95, until a new production opened last Friday.

Four seasoned and eminent *Semiramide* principals had been engaged: Leila Cuberli, Horne, Chris Merritt and Samuel Ramey. (June Anderson and Stanford Olsen come in later.) The production was new – staged by John Copley and designed by John Conklin – and so was the conductor, James Conlon.

It was a dull four-hour show, playing into the hands of those who think the opera a huge, frigid machine of almost non-stop vocal twiddles. It's not that: performers of charm, grace, and vocal beauty, of dramatic fire and virtuoso prowess have brought it to life as an ambitious and stirring neoclassical drama. It was the last and grandest of Rossini's *opere serie*: the summation of lessons learned from Gluck, Mozart, Spontini, and Beethoven, and executed with his own prodigal invention and felicitous personal mastery.

But it can also seem a stiff, potentially uningratiating, calculated, unspontaneous, over-copious score, short on winning melody. Neither of the famous arias – "Ahquel giorno" and "Bel raggio" – has much of a tune. In performance it needs all the help it can get if its formal merits are to shine.

Critics in this country are being accused of having knives ready-sharpened for the Met. Not so: my colleagues and I go on attending in the hopes that at last there will be something to enjoy and to praise with enthusiasm. But how seldom there is! Under James Levine's artistic directorship, the company now lumbers, apparently rudderless, from million-dollar fiasco to fiasco – artistically speaking, that is; the audience seems ready to applaud to the skies whatever happens, especially if it is loud. This *Semiramide* looked promising enough on paper. But it died in the execution, in the presentation of the forces engaged.

Conklin is an able but uneven designer. Did someone look at his model and say that's just what *Semiramide* needs: a unit set of ugly frames receding to a small variable backcloth? Did Mr Levine think it a good idea that the sharp-cut musical-cum-scenic structure of the original – three settings in first act, four in the second – should be changed to a running blur of non-specific, constantly changing, repetitive scenes and half-scenes before curtains and shutters? or that the enthroned Semiramide should enter her throne-room on a lift, like a Wurlitzer? Who approved Michael Stennett's notion of dressing the Assyrian empress and her women after Winterhalter? (In the Babylonian context they looked absurd.) Did no one tell Gil Wechsler that his persistently dim lighting would dampen the evening?

Cuberli, in her Met debut, was disappointing. I've admired her in Rossini before, but she did not have the imperial command that a Semiramide needs: her tones were not bright, forward, and commanding, and her florid singing didn't glitter. Horne was a fluent but tamer, less exciting Arsace than of yore (and concert performances suit her better than the stage). Idreno, the tenor, plays no part in the plot: his two arias – neither of them especially good numbers – merely hold things up and are probably better omitted unless they are sung with more charm and imagination than Merritt (in another Met debut) brought to them. Ramey had many notes of excellent quality, but he sacrificed fleetness of roulade to volume.

Copley's production is a set of tableaux, not a drama. (The Carnegie concert presentation of *Semiramide* a few years ago – with Anderson, Horne, Douglas Ahlstedt and Ramey – proved more dramatic; the singers brought confrontations to life in imagination's eye, without drama-deadening enactment.) Worst of all, perhaps, Conlon's conducting was bland, inanimate, unfired by any lively response to the composer's vivacity and force of invention.

Andrew Porter

LONDON CONCERTS

Jansons, Zagrosek & Sinopoli

Mariss Jansons, one of the most commanding of today's leading younger conductors, chose the *Leningrad* Symphony as main offering of Sunday's concert, the first of a pair with the London Symphony Orchestra. As former assistant to Yevgeny Mravinsky (great Leningrad Philharmonic conductor, great Shostakovich exponent), Jansons no doubt learnt his *Leningrad* lessons from the finest possible teachers; he did not persuade the LSO to play with absolutely faultless ensemble all the way through, but he did rouse them to thrilling departmental fervour. String phrasing was unwontedly intense, woodwind delivery full of light and shade, and brass were at their brilliant best, roaring out with fierce (but not vulgar) elation in the finale.

A "case" was made for this long work: one was encouraged to listen with unprejudiced ears, to follow the parade of graphic war-music images and sentiments with new interest and excitement. Nothing less than total commitment will do in any *Leningrad* performance: even the Jansons-LSO partnership could not prevent familiar nagging doubts from eventually raising their heads about the overall cogency of symphonic argument, but it certainly delayed their visibility longer than usual.

As concert opener the LSO had invited a miraculously talented boy – Julian Rachlin, Lithuanian-born, resident in Vienna, 16 next week – to play the Saint-Saëns Third Violin Concerto. He is a prodigy in the best sense: not just technically astonishing (vibrant, sweet, purely projected tone, easy virtuosity) but shiningly fresh and musical. The slow movement, abundantly warm and natural, showed, in addition, that Rachlin has been wisely schooled, not mechanically primed; he undertook no sweet-toothed indulgences, no coy flutters, just direct, heartfelt lyricism, which Jansons and the LSO (and, notably, the expert first clarinet of Andrew Marriner) supported every inch of the way.

This young violinist needs the most careful nurturing – it would be a tragedy if commercial hype and hard sell were to intervene in the developmental process, as so often in the recent past.

Max Loppert

As "Principal Guest Conductor" for the BBC Symphony, Lothar Zagrosek is keeping adventurously busy. Saturday's concert at the Royal Festival Hall had a particularly unlikely programme: Stockhausen's weighty *Jubilee* before Mozart's twinkling oboe concerto, Bruno Maderna's very loose-strung Third Concerto for that instrument followed by the elaborately crafted Third Symphony of Brahms. It was no wonder that from time to time in the classical pieces, one had the impression that these were interesting works by very clever imitators – almost-Mozart, not-quite-Brahms. Trying to pin down the telltale discrepancies was a tantalising business.

Jubilee begins with a hieratic bass chant under excited treble simmerings, and then manipulates it through different orchestral registers at different tempi. There are intrusions by amplified solo instruments, too, and by extra off-stage groups. Zagrosek engineered that with all due conviction, though Stockhausen's idea of a "celebration" – this was a commission for the 125th anniversary of the Hanover Opera House – is of course idiosyncratic. Maderna's oboe concerto, his last work, was never intended to display such determined purpose; the score is "aleatoric" to the point where its interpreters effectively have to make a good deal of it up. Yet it is invariably attractive in performance, so Maderna's fragmentary material must have its virtues.

This time, some of the pauses sounded irresolute ("What shall we do next?"), but the washes of orchestral colour were ear-pleasing, and Maurice Bourgue took the soloist's role with his usual grace and imagination. He played the Mozart delectably, with a light, dancing line in which every phrase made a witty point. Though Zagrosek kept the accompaniment lithe, it remained curiously sober by comparison with the oboe. Just tact, perhaps.

The Brahms Third was continually fascinating, what with fresh Zagrosek ideas springing up in old familiar places. He kept the string-cushion lean (in fact the violins at the start too nearly vanished under the brass), in favour of firmly articulated woodwinds, who explored the middle movements in considerable depth. The third, the "Poco allegretto", was urgent and worried – an unusual reading, but very effective after the gentle-tempered Andante.

In general, one slightly missed a sense of Brahmsian expanses. What we heard was bright-eyed and keenly wrought, but never long-breathed: which was why the close of the Finale failed, for once, to have its full retrospective glow.

David Murray

It is quantity rather than quality that makes Mahler's Eighth Symphony the special rarity it is in the concert hall. The logistics of assembling such a vast array of forces prohibit regular airings, turning even the most routine performance into an event, and going a long way to disguise the fact that, musically, Mahler's *Faust* symphony is the weakest in the canon.

Certainly Giuseppe Sinopoli's account with the Philharmonia on Friday at the Royal Festival Hall made no effort to cover up the shortcomings and relied very heavily upon circumstances to turn into something worthwhile. But it was a kind of achievement in itself to neutralise the impact of the closing pages of the symphony as completely as Sinopoli did, to rob them of all their sonic grandeur, as if the conductor were intent on interpretative deconstruction of the most egregious kind.

More likely it was just a comprehensive failure to come to terms with the scale and demeanour of Mahler's work, the same lack of perception that had chopped the first movement into self-contained stanzas and encouraged the orchestra (which used to produce some of its most cultured playing for its musical director) to a brash, brittle superficiality in which nothing cohered or connected with the choral contributions. In the Festival Hall balance becomes a constant problem in the Eighth; congestion always threatens. Sinopoli appeared to offer no thoughts, though when the performance appears on disc – this performance, inevitably, was connected with a studio recording – engineers will have sorted things out as best they can.

There was, despite the sterility, some fine singing: controlled hushed tones from the Philharmonia Chorus and Southend Boys Choir, and a convincing bevy of soloists. Waltraud Meier (the Mulier Samaritana in Part 2) and Angela Maria Blasi (the Gretchen) were outstanding, direct and eloquent, Sumi Jo and Kazuko Nagai thoroughly capable, Cheryl Studer (Magna Peccatrix) spectacularly controlled if bland and uninvolving. Thomas Allen (Pater Ecstaticus) was the only one of the men to impose himself vocally on proceedings; Hans Sotin (Pater Profundus) had some moments of uncertain pitch and Keith Lewis, a late substitute for Reiner Goldberg as Doctor Marianus, only found his best form in his final phrases, though by then dry-eyed routine had smothered all life from the performance.

Andrew Clements

Italian antiques go on show

To cheer themselves up some of London's leading antique dealers are showing off their finest objects at the Accademia Italiana in Rutland Gate, London, until December 13. They have gathered together with Italian dealers to create the Orangerie Italiana 1990.

The idea of the Orangerie is that, instead of the formal stands at the traditional antique fairs, dealers contribute just a few choice items which are then designed into room settings. To encourage a domestic atmosphere, the event has been sponsored by the Italian textile firm of Mantero which has draped the interiors with silk hangings.

With trade lack lustre at the moment dealers like Colnaghi, Richard Green, Mallett, Hazlett Gooden & Fox, Pelham Galleries, Ronald A. Lee, and many more, have welcomed the opportunity to get exposure for some of the Italian made objects from their stock. Some will be familiar to visitors of the Grosvenor House Fair in the summer but they look very fine in the setting of a grand London house.

Only one room is given over to 20th century antiques. In the main it is a flourish of 18th century pictures and furniture, all very grand and showy. Prices range from £1,000 up to the handful of millions that Pelham Galleries expects for the Grimaldi cabinet, a red lacquer bureau, made in the Papal workshops in Rome around 1740.

Furniture, especially Italian furniture, has to date survived the recession better than most areas of antiques. The main problem with the Orangerie is that dealers will not always be on hand to smooth sales: but they will all pop over if there are any serious enquiries.

Antony Thorncroft

ARTS GUIDE

November 30-December 6

OPERA AND BALLET

London

Royal Opera, Covent Garden. A new production by Adolf Dresen of *Fidelio* conducted by Christoph von Dohnanyi has Gabriela Benackova, Jan Blinkhof, Monte Pederson and Robert Lloyd in leading roles.
English National Opera, Coliseum. *Così fan tutte*, in John Cox's stylish 1980 production, returns with a new cast, led by Rita Cullis and Glenn Winslade, and Peter Robinson as conductor. Further performances of the new double bill – Delius's *Fennimore and Gerda*, Puccini's *Gianni Schicchi* – conducted by Charles Mackerras, produced by Julia Hollander, with casts including Sally Burgess, Peter Coleman-Wright, Benjamin Luxon, and David Maxwell-Anderson.
Royal Ballet, at Covent Garden. A new triple bill with Balanchine's glorious *Stravinsky Violin Concerto* and a new work by Ashley Page.

Amsterdam

Nederlands Danstheater with the Jiri Kylian ballets *Verklärte Nacht*, *Forgotten Land* and *Sweet Dreams*, and *Gras* (Egk/Rachmaninov).
Netherlands Opera in a co-production with the English National Opera of Verdi's *Un Ballo in Maschera* directed by David Alden. Netherlands Philharmonic conducted by Michael Halasz, with Liuba Kazarnovskaya as Amelia and Emil Ivanov as Gustav III Muziektheater (255 455).

Paris

Opéra Palais Garnier. Choreography by Balanchine, Lubovitch, Garnier and Kylian to music by Stravinsky, Pacher and Janácek (47425371).
Bastille Opéra. The controversial opera's season opens with Verdi's *Otello* conducted by Myung-Whun Chung with Cornelia Murgu in the title role, with Renato Bruson as Iago and Kallen Esperian as Desdemona (40011616).
Chatelet. Broadway musical *42nd Street* to Harry Warren's music in a production supervised by Mark Bramble (40282840).

Brussels

Palais des Beaux-Arts. The Ballet Fiesta Flamenca de Andalucia perform *Raices de Andalucia*, choreography by Leo Molina.

Antwerp

De Singel. Monnaie Opera in *Mefistofele* by Arrigo Boito (concert version) conducted by Emil Tchakarov with Jose van Dam, Wieslaw Ochman, Margaret Jane Wray, Elzbieta Ardam, Franco Careccia (Wed).

Barcelona

Gran Teatre del Liceu. Uwe Mund conducts Wagner' s *Die Walküre*, with a cast led by Montserrat Caballe and Johann Meier. Ends December 17 (412 14 98).

Berlin

Opera. *Der Barbier von Sevilla* is a well done repertoire performance. *Siegfried*, part of the successful Götz Friedrich Ring cycle features Anne Evans, Anne Gjevang, Jane Giering, Toni Kraemer and Robert Hale. *Zar und Zimmermann* is sung by Gudrun Sieber, Barbara Scherler and Peter Maus. Also *Rigoletto* and two advent concerts with the Wernigerode School Choir.

Hamburg

Opera. *Die Hochzeit des Figaro* brings Charlotte Margiono, Hellen Kwon, Alan Titus and Lucio Gallo together. *Hänsel und Gretel* conducted by Carlos Kalmar has Gabriele Rossmanith and Olive Fredricks excellent in the title roles. *Tosca* is well sung by Ghena Dimitrova, Vasile Moldoveanu and Franz Grundheber. *Peer Gynt* is choreographed by John Neumeier.

Cologne

Opera. *La Bohème* stars Ileana Cotrubas, Nova Thomas, Faith Esham, Luis Lima/Fernando de la Mora. *Hänsel und Gretel* is sung by Tone Kruse and Machiko Obata.

Frankfurt

Opera. *Der fliegende Holländer* has a first-rate cast led by Lisbeth Balslev and Knut Skram. Last *Le Nozze di Figaro* with Edith Mathis, Jean-Philippe Lafont, Kimberly Barber and Gilles Cachemaille. Kurt Weill's *Aufstieg und Fall der Stadt Mahagonny* in Arie Zinger's interesting production takes the leads Glenys Linos, Valentin Jar, Yaron Windmueller and Michal Shamir. *Monsieur Beaujolais* and his company perform three one-act pieces by Jacques Offenbach.

Stuttgart

Opera. *Ein Maskenball* in Carl Friedrich Oberle's production will have its premiere this week with Lubica Rybarska, Eva Randova, Giorgio Lamberti and Wolfgang Schoene. *Tannhäuser* has Klaus Koenig in the title role. Also offered *Werther* and *Fidelio*.

Bologna

Teatro Communale. The Communale celebrates Mozart's bicentenary opening with Luca Ronconi's production of *Don Giovanni*, with the splendid Ruggero Raimondi giving his usual attractively sinister performance in the title role. Riccardo Chailly conducts Mozart for the first time; the rest of the cast includes Daniela Dessi, Jane Eaglen, Adelina Scarabelli and Alessandro Corbelli. The American tenor, Rockwell Blake replaces the listed William Matteuzzi as Don Ottavio this week (529999).

Turin

Teatro Regio. The two versions of Verdi's *Don Carlos* (the French and the Italian) performed alternately between now and mid-December. In both cases the full-length editions are used, conducted and produced by Gustav Kuhn, but with different casts (8815241).

Florence

Teatro Puccini. Two short contemporary works: Gian Carlo Menotti's *Il Telefono* and Gino Negri's *Ninfa Gentile*, produced by Stefano Vizioli and conducted by Giuseppe Mega (212320).

New York

Metropolitan Opera. Marilyn Horne, Chris Merritt and Samuel Ramey perform in John Copley's new production of Rossini's *Semiramide* conducted by James Conlon, who also conducts *Salome* with Hildegard Behrens, Helga Dernesch and Peter Kazaras in Nikolaus Lehnhoff's production. James Levine conducts Arvin Brown's production of *Porgy and Bess* with Priscilla Baskerville, Marvis Martin and Terry Cook. (362 6000).
New York City Ballet. Week's programmes include *Concerto Barocco*, *Valse Fantaisie*, *The Cage* and the first of the seasonal performances of *The Nutcracker*. New York State Theatre, Lincoln Center (496 0600).

Chicago

Lyric Opera. Leo Nucci has the title role of Rigoletto in Sandro Sequi's production conducted by John Fiore. Donato Renzetti conducts Andrei Serban's new production of *Lucia di Lammermoor* with June Anderson as Lucia and Alfredo Kraus as Sir Edgar. Civic Opera House (332 2244).

Washington

Amahl and the Night Visitor (*Eisenhower*). A new Christmas tradition has grown up around Gian Carlo Menotti's one-act opera about the young shepherd on the outskirts of Bethlehem who sees Three Wise Men follow a star. The composer directs. Kennedy Center (467 4600).

FINANCIAL TIMES

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Tuesday December 4 1990

Employees as directors

IT IS regrettable that Mr Campbell Christie, general secretary of the Scottish Trades Union Congress, has been forced to reject the offer of a seat on the board of Guinness, the drinks company. British union leaders are given few chances of influencing company strategy at board level. They are likely to have fewer still after Guinness's experience at the hands of Scottish union activists.

Mr Christie is widely respected in Scotland. His leadership of the STUC has helped it retain a broad influence on politics and industry in Scotland. When he originally accepted the Guinness post, Mr Christie avoided accusations of personal gain by arranging to donate his fee to the STUC. His mistake in the eyes of some was not to consult more widely before accepting. Shop stewards at Distillers, the company taken over by Guinness three years ago, appear to have objected to Mr Christie in some sense conferring respectability on their parent company.

The incident comes amid a renewal of British interest in having employees as directors. In contrast to Germany and other countries where worker participation has been institutionalised, British companies have traditionally been wary of the idea. Those which have ventured into the territory, such as the National Freight Consortium, have often used it to reinforce established employee share ownership plans.

The issue may be given a new impetus because of moves by the European Commission to introduce statutory forms of worker participation. The Commission is this week expected to publish a descendant of the ill-fated "Vredeling" directive. This would place an obligation on most pan-European companies employing more than 1,000 people to establish, inform and consult a European works council.

Worker participation

The value of statutory intervention in this field is questionable. Much more important is the need, recognised by a growing number of British companies, to involve their employees in the decisions that affect them. On the shopfloor, this means arranging workers in teams rather than relying on a supervisor to impose strict discipline. A worker director being consulted on strategy may be the corollary at board level.

Better understanding

A distinction must be drawn between appointing a union leader such as Mr Christie as a non-executive director, and seeking a figure to represent workers' interests. Mr Christie was explicitly chosen for his intellectual qualities and the breadth he would bring to discussions. He was not drawn from the unions recognised by the company, and he was not being asked to bear the views of Guinness workers. There is no reason to suppose that Mr Christie would not have performed such a role well, to the benefit both of the company and of the union movement as a whole.

The case of a worker director whose job is to represent a company's employees is harder. Under British company law, a director must act for the benefit of shareholders. There is a danger of a worker director holding quite distinct interests from others on the board. Yet it would be a depressing prospect if companies had nothing to gain from considering their workers' views in deciding strategy.

The ills which have afflicted many British companies from a lack of understanding between managers and workers suggest this is not so. Appointing worker directors may not be the right approach and it would be quite wrong to force all companies down such a path. But companies should not be discouraged from experimenting with different forms of employee involvement, including board membership.

The case of Mr Christie's membership of the Guinness board should have been less controversial. The question is only whether a senior trade union official, acting in an individual capacity, can make a useful contribution to a company's board. The answer is evidently yes. Such participation would have set a useful precedent. It is a pity that pressure from the shop stewards has prevented this opportunity from being taken.

Footing the swaps bill

THE UK government will soon have to decide what, if anything, it should do about the mess left by the billions of pounds worth of swaps entered into by a number of UK local authorities.

From a legal point of view, the matter is close to resolution. The law lords have indicated that they are likely to rule that local councils were acting beyond their powers when they entered into these agreements. So the question narrows to whether there is any moral obligation on anyone to make good whatever losses result. The answer is almost certainly not, though there may be something government can do to limit the damage.

Swaps are a novel financial technique which enable two borrowers to exchange payments on loans so that they can take advantage of different credit terms. Local authorities made heavy use of them in the 1980s to reduce their financing costs, even though these contracts were not specifically authorised by local government legislation.

The swaps affair has raised the question of how the financial services industry should deal with gaps in the law. Banks which set swaps up for local authorities did so on the basis of legal opinions and were not warned off until very late in the day.

Judgments and opinions have varied widely throughout the affair, adding to the confusion. But if the law lords do take the broad view that councils cannot do swaps, the contracts will be nullified, and the banks which acted as intermediaries will have to bear the losses, estimated at up to £750m.

National interest

If there were any obligation on government to get involved, it could be for two reasons: that it bears some of the blame for the confusion over the status of local authority swaps, and that the affair will do such damage to London's reputation as a financial centre that a remedy is in the national interest.

It does not appear that either is the case, however. While it is unfortunate that the authorities (specifically the Bank of England and the Audit Commission) were unable to give clearer guidance, it is not within their power to create law where there is a vacuum, and they, like anybody else, can only take advice.

As for London's position, it is important for the legal environment to be as clear as possible, because uncertainty will encourage business to drift elsewhere. But it is a fact that a highly innovative and competitive market will always be testing the outer boundaries of the law and regulation. All institutions operating in the London market know this. That is why they are there, and that is how a lot of them earn considerable fees.

Room for conflict

What the swaps affair has demonstrated is the room for conflict between such relentless innovation and London's traditional approach of "my word is my bond". If the councils' failure to honour their contracts were to weaken that dictum, that would be regrettable. But the alternative – a presumption that a legal opinion is sufficient to fill gaps in the law – would be worse in the long run.

It would, therefore, be quite wrong for the government to feel under any obligation to do anything about the banks' losses. It would give an undesirable signal that the UK was prepared to underwrite the legal risks of the London banking community. In the long run that would do more damage to London's international standing than a bail-out mounted to meet immediate concerns.

There are, however, steps which government could take to mitigate the effects of the affair. An essential one is to establish machinery to provide a speedy legislative response when gaps appear in the law. Recent doubts about the legal position of the stock lending market, for example, show that the swaps affair is not an isolated problem. An optional step might be to assist in some way in the orderly unwinding of the swaps contracts, if that is what the law lords' ruling calls for. One suggestion has been that the Bank of England might make its good offices available for this purpose.

Guy de Jonquières and **Alan Cane** on AT&T's $6bn bid for computer maker NCR

A marriage of disparate partners

For seven years, American Telephone and Telegraph has pursued a tantalising dream – to turn itself from the world's biggest telephone company into a global information services group with operations spanning telecommunications and computing.

Yet in spite of massive investments and bold statements of intent, AT&T's efforts to build a computer business from scratch have earned it only a small share of the market and a torrent of red ink.

Its $6bn bid for NCR, the fifth-largest US computer maker, suggests AT&T has concluded that its only hope is to spend another fortune buying its way into the industry. The question is whether the proposed takeover offers any better prospect of commercial success.

AT&T can undoubtedly afford the price. It continues to control about three-quarters of the US long-distance telecommunications market which, with other services, accounted for $22.1bn of its $36.1bn revenues last year.

Though competition in the US telephone business has grown sharply in the past few years, AT&T has checked erosion of market share by cutting costs, shedding thousands of staff and investing heavily to modernise its network. Last year it earned net income of $2.7bn.

AT&T's aspirations in computing date from the court-ordered divestiture of its Bell telephone system in early 1984. The break-up both freed the company to compete for the first time in unregulated markets outside telecommunications and prompted it to look for fresh sources of revenue.

At the time, many industry observers forecast that rapid convergence of communications and computing technologies would unleash an all-out battle between AT&T and IBM – the world's largest computer company – for mastery of a newly-emerging market for integrated information systems.

Yet neither company has so far even dented the other's mainstream business. After disappointing early efforts to market its own computers, AT&T turned to an alliance with Olivetti, the Italian office equipment maker, in which it acquired a 25 per cent stake in 1985.

Olivetti got most from the deal, supplying AT&T with large volumes of personal computers for several years before the partnership foundered amid mutual recriminations. Last year AT&T sold its stake in the Italian company.

Increasingly heavy losses have since led AT&T to adopt a more defensive strategy, intended to strengthen its base in telecommunications rather than to drive deep into the computer market.

That has caused it to focus more selectively on areas such as data networking systems and products using Unix – the AT&T operating software for small computers which seems likely to become a world standard. The company does not make large mainframe machines, concentrating mainly on mid-sized and personal computers, in addition to telecommunications equipment such as private exchanges and terminals.

NCR's main attraction is that it promises to help AT&T surmount the biggest obstacle to the latter company's attempts at diversification – lack of first-hand knowledge of the computer industry and of the rapidly-changing requirements of the world market.

Founded last century as a cash register supplier, NCR has remained close to its market roots in banking and retailing, where it is a leading supplier to customers worldwide.

Since these industries are heavy users of data communications networks, there is potentially a good fit with AT&T's main business. NCR is also committed to introducing Unix systems right across its product range, which will ensure compatibility with AT&T machines.

By sticking to a niche strategy and controlling costs tightly, NCR has weathered the severe upheavals which have recently wracked much of the rest of the US computer industry, including IBM. In the first nine months of this year, NCR earned net income of $258m on revenues of $4.39bn.

However, NCR's turnover has stagnated for three years, partly because it has not entered many fastest-growing sectors, such as personal computers, fault-tolerant systems and lap-top machines.

Some observers see NCR's focus on a narrow market base as evidence of an excessively conservative corporate culture and unenterprising marketing. "The sales force is hardly regarded as a powerhouse organisation," says Mr Steve Smith, an analyst with New York brokerage firm Paine Webber.

Provided AT&T can overcome the resistance of NCR's management to the bid, the planned deal will face two main longer-term questions. Does the basic industrial rationale underlying it make sense? And can the merger be managed productively?

That computing and telecommunications are converging around microelectronics is indisputable. However, though many other companies have sought in recent years to build a solid business on this development, few have yet succeeded.

Indeed, there is a long list of companies whose efforts to capture the convergence trend by acquisition have ended in severe and costly disappointment They include such big names as IBM and leading telecommunications manufacturers such as Canada's Northern Telecom and Sweden's LM Ericsson. In the UK, the computer maker ICL was recently sold to Fujitsu by STC, which had acquired ICL in the mid-1980s but did little to integrate it with its own telecommunications business.

Most such acquisitions foundered not on the technologies involved, but on deep differences of culture and management attitude in the two sectors. While the still youthful computer industry has always been based on open competition, the much older and more sedate telecommunications industry is permeated by a public monopoly tradition.

For all AT&T's size, its management is still widely criticised as parochial and naïve. "AT&T have an elephantine decision-making process," says one former company executive. "They have not learned to be customer-driven, they have not really learned to compete. They simply lack motivation to change."

AT&T has also been faulted for a clumsy international strategy. As well as failing to make a go of its alliance with Olivetti, its joint venture in telecommunications with Philips of the Netherlands has had little impact on European markets. AT&T recently bought Philips out of the venture.

"Where you start to worry about a merger like this is what happens when AT&T starts to impose its own culture and to try to rationalise the businesses," says Mr George Colony, president of Forrester Research, a US consultancy.

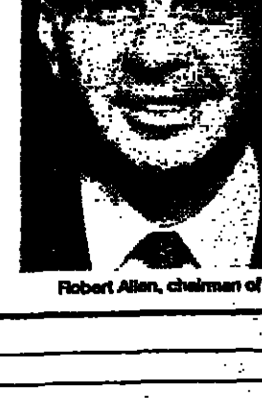
Sensitive, perhaps, to its own shortcomings, AT&T has indicated it does not plan to integrate NCR into its operations, at least in the short term. Instead, NCR would take charge of AT&T's ailing computer business and continue to function as a largely separate business under its own management.

That may help to avoid friction and enable NCR to retain its distinct management style. However, for the two partners to go on living apart would raise questions about the purpose of their union and why they bothered to get married in the first place.

Top five US computer companies

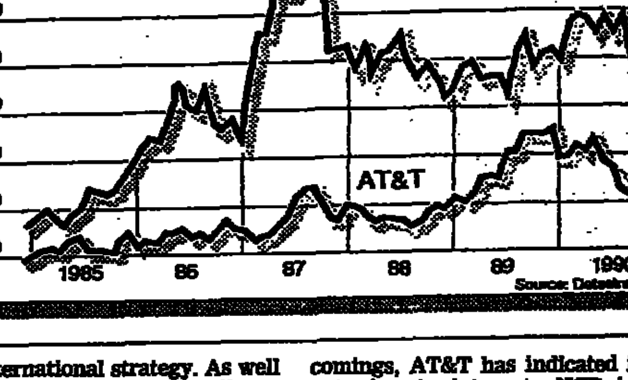
1989	Sales $bn	Employees
IBM	63.4	383,000
DEC	12.9	126,000
HP	11.9	95,000
Unisys	10.1	82,300
NCR	5.9	56,000

1989	AT&T	NCR
Employees	279,000	56,000
Net income	$2.7bn	$412m
Revenues	$36.11bn	$5.96bn
Countries operated in	37	120



Robert Allen, chairman of AT&T

Share prices



Alan Friedman looks at events leading to the deal

Players who want to be global

Events have moved swiftly since the morning of November 15, when Mr Robert Allen, chairman of AT&T, first telephoned Mr Charles Exley, chairman of NCR, and proposed a meeting. The two met that afternoon in Room 215 of the Radisson Hotel at Cincinnati Airport. Talks continued, including presentations by both chairmen to each other's boards, but Mr Allen admits the talks broke down on Sunday and Mr Exley insists there have been no real negotiations.

Mr Allen is a conservative, phlegmatic and generally self-effacing 55-year-old who is not given to rash actions. There is, however, every indication that he is preparing to to take his company into its first hostile takeover battle in order to win control of NCR.

NCR rejected AT&T's offer on Sunday. But yesterday Mr Bob Kavner, head of AT&T's troubled computer division, said baldly: "We are determined to complete this transaction."

And Mr Allen upped the ante by disclosing that he is willing to transform what he persists in terming a "friendly" $6bn stock-for-stock offer for NCR into a full cash offer, and a public tender offer if necessary.

He said bank lines of credit have been arranged for a possible cash bid and he has given NCR until the close of business on Wednesday December 5 to respond to his offer or put the bid to NCR's shareholders.

AT&T argues that combining the two companies would create a strong American company with the technological, financial and marketing strength to compete successfully in the global information market.

The deal, which would be the biggest takeover that the telecommunications company has made, is predicated on the notion that AT&T is strong in network systems and NCR in the supply of computers for transactions. AT&T reckons the companies that add the most value as they handle transactions from end-to-end – collecting, networking, processing and delivering information – will be the leaders in the global information market of the 21st century.

For his part Mr Exley, chairman of NCR, yesterday ruled out any negotiations with AT&T, said he wanted to be "left alone", and called the AT&T approach "unquestionably hostile". Mr Exley called AT&T's Wednesday deadline "kid's stuff" and promptly revealed that he has already received expressions of interest from other companies, thus setting the stage for a possible bidding war.

The consensus on Wall Street, where NCR's share price shot from $56 3/4 up to $82 within minutes of yesterday's opening bell, is that a takeover of NCR will solve AT&T's long-running problems in its loss-making computer division, which this year is likely to suffer a deficit of up to $200m on revenues of $1.5bn. The betting among analysts is that either a third-party bid or NCR's recalcitrance will eventually force the AT& T offer up to $100 a share or more.

The takeover proposal calls for AT&T to place its computer business in NCR's hands, adding its revenue stream on to NCR's annual sales of $6bn and allowing NCR to manage the combined entity. Mr Rick Martin, an NCR analyst at Prudential-Bache, said a takeover would "fix AT&T's problem immediately because AT&T has good products, but no customers, while NCR has a long history and a great customer base.

"This is a perfect strategic match and it should be easier than the Sperry-Burroughs combination or other mergers of computer companies because AT&T and NCR's computers are easily compatible," Mr Martin said.

Despite NCR's cold shoulder, both Mr Kavner and Mr Allen said yesterday they see the main issue now as one of price. Wall Street seems to agree, and it is widely believed that however the matter now plays out – be it a hostile bid or a friendly higher price – NCR's days as an independent company are numbered.

OBSERVER

Audebtors' ball

■ It is a strange but true fact that accountants in Britain prospered as liquidators long before they grew even fatter on statutory audit work.

Even so, there is something vaguely repugnant about the press releases which have been flooding lately out of the insolvency departments of the big accountancy firms boasting of how their partners have been appointed as administrative receivers to some wretched failed company or other. But now there is the chance of poetic justice being done as the fear of bankruptcy strikes deep into the big accountancy partnerships themselves.

In the US Ernst & Young, the largest accounting firm, has been moved to turn a series of full-page newspaper advertisements – originally intended to celebrate the first anniversary of the merger of Ernst & Whinney and Arthur Young - into something approaching a public affirmation of solvency. The firm is in "very strong financial condition" it proclaims, in the wake of the failure of Laventhol & Horwath, the seventh-largest US firm.

The US crisis can be seen as the accountants coming off worse at the hands of the all-powerful lawyers. In Britain, surely the litigation threat is not yet strong enough to bring down a major firm. But if disaster *does* strike, what happens to the insolvency arm of an accounting firm that goes bust? I am waiting for the press release.

Party time

■ "The supporters of Ms Robinson's campaign will conduct their own celebrations today at the Barley Mow pub in Francis Street at 10.30am, moving to Kitty O'Shea's at Grand Canal Street at 1.30pm for lunch and speeches, and on to Mulligans in Poolbeg Street," reported yesterday's Irish Times.

The Irish really know how to celebrate the inauguration of a new President!

Glitter

■ Tonight's Diamond Ball, being held at London's Royal Lancaster Hotel promises to be a glittering occasion. It is the annual charity do in aid of Sane – schizophrenia a national emergency. In the past the ball has been sponsored by Burton Group, but this year it has been taken over, appropriately, by Ratners, the largest jeweller in the UK.

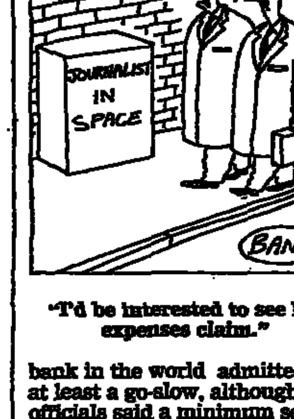
Mr Gerald Ratner, himself a bit of a rough diamond, likes to joke that "diamonds are a very bad investment, especially ours". He says his group sells 260,000 carats of diamonds a year – but in very small chips. Habitués of his shops might feel the ball would be better named the Cubic Zirconium Ball, after the shiny stone which is used as pseudo-diamonds in some of Ratners cheaper pieces.

However, Mr Ratner says the group has provided a "wonderful" piece of jewellery for the raffle: "we didn't get it from our usual suppliers," he quips. It is a £10,000 diamond necklace.

Femme fatale

■ Dealing rooms are not in the habit of going on strike. But yesterday was not an ordinary day at Crédit Agricole, after the sacking last Friday of Monique Bourven, deputy chief executive and head of its capital markets activities.

Speaking in the apologetic terms more usually heard from public transport companies, the giant French cooperative bank the largest non-Japanese bank in the world admitted at least a go-slow, although officials said a minimum service was ensured.



"I'd be interested to see his expenses claim."

Bourven, 48, has been at Crédit Agricole since 1968, and her dismissal caused no little emotion among the bank's employees. Chief executive Philippe Jaffré, by contrast, has been there only a couple of years.

Outside the Tour Montparnasse, the ugly skyscraper which houses the capital markets part of Crédit Agricole, Paris bankers were less complimentary about the departing Bourven. She has risen further than any other woman in the distinctly chauvinist French banking world, but some who have worked with her yesterday questioned her ability to control costs or to delegate.

In London, where Crédit Agricole's problems are concentrated, the changes had already taken place this summer. Michel Theveny came in, after 11 years at the head of the bank's New York office, to replace Alain de Truchis who, as a reward for getting Crédit Agricole into Polly Peck, Goodman International and Broadwell Land, has been dispatched on a "special mission" to Japan.

City grub

■ The first Square Meal appeared last May and attracted considerable attention, if only because there had not been a guide to City eating before. The second edition is out this week, one of the differences being that there is now a price tag attached to it. If you are not one of the 60,000 executives lucky enough to be sent one free, you will have to pay £2 for a copy.

In the last six months, not a great deal else has changed. Those of us who work south of the river will note that the number of restaurants seems to be slowly going up. There is a place called Doggetts (English) on Blackfriars Bridge which was not previously listed, and where the food is said to have an "eclectic slant". The Japanese restaurant, Hashino, in Borough High Street has a longer and more enthusiastic entry than last time, and there is now a highly recommended Chinese entry – The Tank in Weston Street, though there is a warning about a "slightly unnerving open fish-tank at the entrance."

Square Meal was invented by two former City men: Mark de Wesselow, once of BZW, and Simon White, ex-KPMG. Copies are available from Monomax Ltd, 25 Jerdan Place, London SW6.

Corrective

■ From an Ohio newspaper: "We regret that in our announcement of the engagement of Miss Kay Belloy, her fiancé was described as "a member of the defective branch of the British police force."

This should have read,"a member of the detective branch of the British police farce."

When David Coleridge becomes chairman of Lloyd's tomorrow, he will tackle a market in decline. says **Richard Lapper**

Businessman in the club

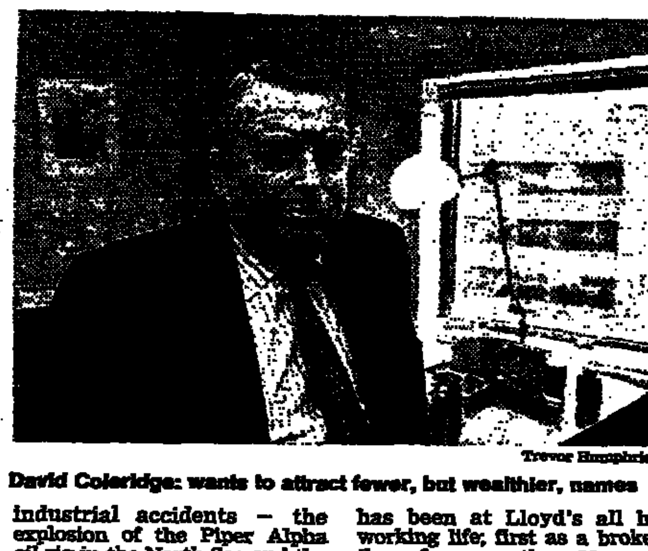
The election of Mr David Coleridge as chairman of Lloyd's could mark a decisive point in the history of the 300-year-old insurance market. The voluble 58-year-old Old Etonian, who expects to take over tomorrow, represents a hard-headed breed of businessman who emerged at Lloyd's in the 1980s. He is convinced that costs must be cut, new insurance areas explored and the capital base strengthened if the market's steady decline over the past 20 years is to be reversed.

Lloyd's, which specialises in reinsurance and marine, aviation and industrial insurance, has been losing out to its European and US competitors, which have been quicker to take advantage of new technology to sell their products more effectively, process claims more efficiently and invest more profitably.

In recent years several thousand names (the individuals who back Lloyd's underwriting activities with their personal wealth) have left the market. US court judgments in asbestosis and pollution cases have left US insurers and the Lloyd's syndicates (groups of Names) that reinsure them with losses of several billion dollars. More names would like to leave but are trapped in one or more of the market's 92 "open years". These are underwriting years that cannot be closed because syndicates remain exposed to claims that emerge many years after the original inception of a policy. Worse still, as potential losses well up inside the US court system the eventual size of claims is difficult to calculate. Court-awarded asbestos clean-ups in US schools could cost insurers as much as $700bn compared with the $3bn-$4bn paid out on personal injury asbestosis claims.

Lloyd's has seen its trading costs rise sharply as a result of its introduction of new technology

To compound the problem, the market has been hit by a wave of catastrophe losses, ranging from hurricanes in Europe and the Caribbean to industrial accidents – the explosion of the Piper Alpha oil rig in the North Sea and the Exxon Valdez tanker spill off Alaska, for example.



Trevor Humphries

David Coleridge: wants to attract fewer, but wealthier, names

Over the past 10 years Lloyd's has also seen its trading costs rise sharply as a result of its belated introduction of new technology and the costs of a self-regulatory regime set up in 1982. Agencies (which funnel business to the syndicates) have had to employ compliance officers to ensure that underwriters adhere to commonly agreed business practices. Strict new disclosure rules mean that extra costs have been incurred in providing names with information about their syndicates.

This confluence of events has exposed the shortcomings of the Lloyd's antiquated institutional structure and fragmented market. Many of the 400 syndicates, 150 agencies and 260 Lloyd's brokers (who represent insurance buyers) have become more commercially-minded in the 1980s, but some are still run like gentleman's clubs. Too many brokers and underwriters pass on risks through a chain of reinsurance and "retrocession" (reinsurance of reinsurance) agreements, in what amounts to a highly complex game of pass the parcel. The Lloyd's Corporation, which regulates the market and is in charge of back-up services ranging from the administration of the Lloyd's building to the development of computerised information services, has been widely attacked for its inefficiency.

Mr Coleridge is an outspoken critic of this state of affairs. He has been at Lloyd's all his working life; first as a broker, then, for more than 30 years, as a successful underwriter of property and industrial risks, and finally as chairman of Sturge Holdings, the biggest single insurance group in Lloyd's. In a revolutionary move, Mr Coleridge floated Sturge on the stock exchange in 1985 in a successful bid to raise capital for expansion – the first time a Lloyd's agency had been publicly listed.

"He is a commercial animal who has been at the sharp end of running a public company. That will be helpful to the market," says the chairman of one of Lloyd's larger agencies. Critics, however, allege that his approach can be "unfocused and muddled", and one colleague in the market describes him as "mercurial".

In his new role, Mr Coleridge's first and perhaps least complex task will be to cut costs at the corporation. He wants to reduce staff numbers – about 2,000 – simplify the market's rule book and rationalise its complex decision-making process. Outsiders believe the corporation may eventually contract out some services. Already more than 30 leading agencies and brokers are developing their own electronic trading network independently of the corporation.

Mr Coleridge will also encourage the growth of bigger, more efficient business units. Here market trends are already helping. Many smaller agencies have folded; the average size of agencies has increased. Next year 30 Lloyd's syndicates will cease underwriting, either folding up or merging. Mr Coleridge favours a further reduction in syndicate numbers to about 100.

The steady exodus of names in the past three years, and the subsequent consolidation of the market's capital base presents Mr Coleridge with his most difficult problem. He has stressed the importance of solving the "open years" dilemma, which he describes as a "cancer of the system". This week the Lloyd's Council, the market's governing body, is expected to approve the formation of a new reinsurance company, possibly supported by Lloyd's Central Fund (a fund of last resort financed by names), which would reinsure the "open years" to allow them to be closed. According to some observers Mr Coleridge made the formation of such a company a condition for accepting election.

A longer-term solution involves attracting more of the genuinely rich to Lloyd's. During the 1980s, when the membership of Lloyd's expanded rapidly, many smaller names were attracted by the promise of instant rewards. Mr Coleridge envisages a future Lloyd's with fewer but richer names. This year the minimum wealth names must demonstrate to be admitted to membership rose from £100,000 to £250,000. Even that, in real terms, is less than half the amount required in the 1950s. Mr Coleridge therefore favours a further rise, possibly to £500,000.

The steady exodus of names presents Mr Coleridge with his most difficult problem

For the moment Mr Coleridge believes his aims can be accomplished within the framework of unlimited liability, the principle that names are liable for the market's losses down to their last shirt button. The Council of Lloyd's decisively rejected change last year and is likely to do so again in 1991, but if the drive to attract capital were to fail, Mr Coleridge says: "We would have to look at the situation. I make it a principle in life never to say 'never'."

FOREIGN AFFAIRS

A message of limited hope

Jurek Martin listens to Willy Brandt and suggests a fairer hearing for those who have made the trek to Baghdad

A number of famous people have made the trek to Baghdad in the past three months and most of them have been publicly denigrated for so doing. But as the prospect of war seems more real, and as military commanders in the Gulf soberly warn that conflict will be "unpleasant", perhaps the time has come to listen to what they have to say.

This thought is made all the more relevant by the news that the US and Iraq are to engage in direct contacts sometime between now and January 15, the date of the United Nations ultimatum for Iraqi withdrawal from Kuwait. President George Bush's initiative "to go the extra mile for peace" has not met with universal approval. Elder statesmen like Mr Henry Kissinger, the former US secretary of state, profess "forebodings" of appeasement; even US government officials concede that a prime purpose is to influence domestic public opinion and to hold the international alliance together.

But there is much to the Churchillian principle that "jaw, jaw" is better than "war, war". Whatever opinions might otherwise be held about Mr Willy Brandt, Mr Edward Heath, Mr Yasuhiro Nakasone, even Mr Kurt Waldheim and, for British consumption, yes, Mr Tony Benn, they have actually had recent access to President Saddam Hussein, something denied to most of those now making policy for the coalition properly arrayed against him. Nor can all blithely be dismissed, as too many have, as unwitting puppets in his propaganda charade.

Mr Brandt, the former chancellor of West Germany, was in Iraq from November 5-9. He was also in London last week and talked just hours before the UN Security Council passed its latest resolution and a day before Mr Bush offered direct talks. He is not, as some unkind press reports had it from Baghdad, tired or confused. The formidable faculties are still in place and it is best to let him speak for himself, starting with the big question: can war be prevented?

"There is no simple answer. Saddam Hussein has to get out of Kuwait and I wonder if he doesn't know it by now. There seems to be reason [to believe] that the Iraqi foreign minister, when he visited Moscow, indicated that they might now be aware of this."

The next 45 days would be critical, he said. "I do not know . . . if there is the possibility for any serious talk between Baghdad and, if not the US, then the UN. A linkage between Kuwait and the larger problems of the Middle East would not work, but if they gave up Kuwait there might be some readiness at least to discuss the agenda for the process of negotiations not for a period of months but for years to come. I see no other alternative to war than to pave the way for talks."

He doubted that even the disputed parts of Kuwait could or should be allowed to remain in Iraqi hands. "I think that since Kuwait is a member of the United Nations one has to stick to the principle of the integrity of territory."

Whatever opinions might be held about Willy Brandt, he has actually had recent access to Saddam Hussein, something denied to most of those now making policy for the coalition arrayed against him

It was also hard to see who would play the intermediary's role. "Even the UN, of course, is very difficult, because Saddam doesn't like the UN sanctions and he identifies the secretary general with the sanctions, which is a misunderstanding; on the other hand the secretary general felt insulted that he didn't let his man go there. But still, as I said, there are 45 days to go."

Would he go back? "I have had word from them that they would see me once more. I would rather send someone, but really to find out if it is worthwhile or not. As things stand now, I cannot see."

There was, he said, no evidence of differences inside the Iraqi government, not even in Mr Tariq Aziz, the experienced foreign minister. "I am not knowing what is going on in his mind but speaking to him there is not the slightest nuance."

And of Saddam Hussein himself? "At least he would listen, carefully listen, to what was said. He would even listen to what one had to say about his miscalculations. Whatever he may know about the region, he obviously did not know what the new relationship between the US and the Soviet Union would mean.

"He obviously was not aware of the degree of isolation into which he has brought himself and his country. My impression was that he did not take it for granted that there was no alternative to military confrontation but that, on the other hand, if the military things started he was rather confident that he could do more than just use the military machine of his own country – that he relies on the possibility of mobilising the masses in the rest of the Arab world, which based on conversations I have had after my tour, may be true both for Egypt and the Maghreb, not to speak of other parts."

Saddam Hussein's "miscalculations", Mr Brandt felt, may have extended to the holding of hostages. Rather than reducing the danger of war or influencing public opinion elsewhere, "he may have understood that it may even add to his difficulties. He may even have thought that if the Americans have made up their mind to have a military confrontation that a few hundred people there would not make any difference. I would not be surprised if during these weeks (before January 15) we will see the British back and perhaps even the Americans."

His message, then, is one of very limited hope. But at least Mr Bush has sensed that the 45 day window of opportunity is open. It is an open question whether the Iraqi president has come to the same conclusion.

* * *

Mr Brandt was reluctant to discuss the German general election 72 hours before the event, mindful of the hot water his successor as chancellor, Helmut Schmidt, got into by predicting that the SDP deserved to lose. On other subjects he was less reticent, and more hopeful.

On what was east Germany: "It is realistic to assume that in four or five years time most of the job will have been done. It will cost a lot of money, but what comes out of it will be the most modern part of Germany, perhaps even of a west European economy, because when our firms go, others will join, and when they go there they will bring modern technology."

On Britain after Mrs Thatcher and Europe: "I think there is the feeling in Bonn, the expectation, of a higher degree of flexibility, but not only flexibility but a more important role for Britain. When we first discussed British membership, we discussed the advantage which could come from British experience in the world, and we have seen too little of it.

"What goes on from that is whether the other countries, including Britain, haven't gone a bit too far in their verbal commitments to certain objectives in the monetary field. They've gone too far in that they won't be able to deliver when it actually comes to the point. In other words they have talked a lot but when it comes down to discussing details of how a central bank is going to function, how a single currency is going to function, they will find that the obstacles are maybe rather greater than they thought in the first place."

It would not be "a terrible blow" if it all took "a little more time". Europe can make that time. What worries Mr Brandt most of all is that it is less available in the Gulf.

LETTERS

Women and work: a vicious circle

From Mrs Catherine Gowthorpe.

Sir, As a working mother of two young children, I read with keen self-interest Diane Summers' article ("Re-writing the rat race rules – Women's careers", November 28) about the Nedo/Ripa report, "Women Managers: the untapped resource".

I believe that conditions for women in all areas and grades of work are unlikely to improve until significant numbers of women are employed as senior managers, and are therefore in a position to directly influence employment policy and working conditions. Unfortunately, until more enlightened policies are introduced it is unlikely that women will have more than a token presence among decision-makers. How do we break this vicious circle?

The study identifies two possible approaches to the problem: one relies upon measures designed to assist women in fitting in their domestic commitments around work, but leaves the nature of that work essentially unchanged. This approach simply will not work. The traditional management job often involves a particularly aggressive and "macho" style; male managers pride themselves in the number of hours spent in the office, and are often judged successful or not by criteria of such dubious value. Women with domestic commitments cannot compete in this particular market: if the crèche closes at 5.15pm mother must be there; if the nanny is sick someone must stay at home to look after the baby. Children do fall ill, school concerts must be attended, hospital appointments kept.

The second approach suggested by the Nedo study in my opinion is more feasible but much more radical, as it involves changing the nature of managerial work to allow both men and women to combine it with the rest of their lives. Perhaps, if this approach were to be widely adopted men might become better managers because of their increased exposure to the world outside the office. The introduction of more than a token female presence on to the boards of companies might serve to improve the overall quality of management.

What I want to know now is whether there is any remote chance of significant change. The report contains suggested courses of action. Is anything going to happen? Personally I see few signs of change. Female managers with young families, trying to compete on men's terms, are handicapped by the exhaustion which inevitably arises from achieving the impossible. Children still don't see enough of their fathers. Mr John Major apparently regrets not having spent more time with his family. Perhaps his regime may do more for women than Mrs Thatcher's although on the showing so far (no senior Cabinet posts for women today) optimism on that score may be misplaced.

In any case, government action on its own is not enough; what is required is a radically different approach to the managerial role. Will it ever happen?

Mrs Catherine Gowthorpe,
Albatross Villa, 1 Church Lane,
Mellor, Blackburn

From Mrs Trudy Coe.

What your article failed to highlight was that the report cited problems with child care as the largest single obstacle to women returning to work. However imaginative organisations are in redesigning managerial careers, they will not increase the number of women managers unless they give priority to this problem.

It is unrealistic, though, to expect employers to shoulder the whole burden of child care. Government must accept the need to share responsibility.

BIM welcomed the introduction in the 1990 Budget of tax relief for the provision of work place crèches. This measure was only a very partial solution, however. The chancellor now needs urgently to extend this relief to other forms of employer-approved child care.

If he fails to do so, Britain will be at a disadvantage in the European market place in only being able to tap half its pool of managerial talent.

Mrs Trudy Coe,
head of external policy,
British Institute of Management, 64/78, Kingsway WC2

Air traffic jams worse than on motorways

From M J Pritchard.

Humphrey Wine ("Heathrow idea up in the clouds", November 29) criticises the prospect of an additional runway at Heathrow. He says: "What about the people who live there?" I live under one of the flight paths serving Heathrow, and the noise pollution is unpleasant. However, the benefit to my business of being situated close to the airport by far outweighs the disadvantages.

As for the infrastructure serving the airport, my experience is that generally the traffic on the M25 is slow moving, but it is still much quicker to use the motorway than to use the old route. I seem to spend more time sitting on the aircraft queueing up for a slot in the congested air traffic control system than I do sitting in motorway traffic jams.

The sooner Heathrow gets another runway and an improved air traffic control system, the better for the majority.

M J Pritchard,
managing director,
Commercial Relocation Consultants, PO Box 230,
Beaconsfield, Bucks.

BT cat threatening the 'phone numbering canary

From Mr Derek H. Broome.

Sir, Your report ("BT plans extra digit for phone codes", December 3) about BT's proposed alterations to telephone numbering can only dismay those of us familiar with more rational systems abroad.

The UK's present nightmare system is based on old alphanumeric codes (for example ONO for Northampton now 0604) – a legacy of the clanking 100-year-old Strowger switches bequeathed by the unlamented post office.

BT now proposes to codge further by introducing a fourth digit to an already hideously complex coding system with grossly excessive redundancy, giving us 11 digits (100 billion) in the London area, and maybe more elsewhere. The sole justification is that the remaining obsolete Strowger switches will not cope.

The whole of North America is served by a three digit area code and seven other digits, giving 10 billion codes less one. It was introduced well before the adoption of digital exchanges, since even electro-mechanical common control exchanges can handle both rational coding and itemised billing.

There is no reason other than the usual British pigheadedness why we should not move to a similar rational coding before the 21st century instead of a mare's nest. It might be a bit rougher in the short term, but the savings will be evident and substantial.

The government should immediately take powers to transfer the regulation and allocation of numbers to Oftel or some other independent body – putting the BT cat in charge of this canary is far too dangerous for the rest of us, and out of line with the new proposals for competition.

In the meantime Oftel should throw back this outrageous proposal and demand progressive rationalisation of the whole scheme.

Derek H. Broome,
Potters' End,
Mears Ashby,
Northampton

Poll tax solution

From M.G.B.Bond.

Sir, Surely a simple solution to the poll tax exists by reverting to the previous rating system, based on rental value, and modifying it by reducing the rateable value by, say, 25 per cent in respect of single occupancy and increasing by a similar amount when a residence is occupied by more than two adults.

M.G.B. Bond,
744, Chelsea Cloisters, SW3

Scottish hubbub

In a letter in yesterday's FT from Michael Turner and Richard Mowbray, the sentence which reads: "The hard reality is that a Scottish parliament, built upon the Union, would be broken," should read: "The hard reality is that a Scottish parliament, built upon the existing, blighted Westminster foundation, would become the means by which the Union would be broken."

FINANCIAL TIMES
Tuesday December 4 1990

GULF CRISIS

Cheney doubts success of Iraq sanctions

By Peter Riddell, US Editor, in Washington

MR DICK CHENEY, US defence secretary, cast doubt on whether economic sanctions would force Iraq out of Kuwait and said the US could not wait indefinitely for the embargo to take effect.

Mr Cheney's remarks reinforced the impression that President George Bush wants to bring the crisis to a head early next year after the January 15 United Nations deadline.

It is thought that he will do this either by persuading Iraq to withdraw through his initiative to open direct contacts with Baghdad, or by military means.

The defence secretary warned that, even if sanctions were kept in place for a year or more, Iraq was likely to be able to expand food production and shift resources to its military machine.

Mr Cheney said, in testimony to the Senate Armed Services Committee, that an announced delay would permit President Saddam Hussein of Iraq to ignore the military option.

"He could use the breathing space to work around the embargo, break up the alliance, enhance his military strength in Kuwait and move ahead on his nuclear weapons programme," he said.

Answering arguments put forward last week by former service chiefs and leading Democrats counselling patience towards finding a solution to the Gulf crisis, Mr Cheney said the US could not "wait indefinitely" for the trade embargo to work while Iraq built up its military preparations.

"It's one thing to say sanctions are having an impact on Saddam Hussein's economy and another thing to say they will force him to withdraw from Kuwait. He can ride them out."

Gen Colin Powell, chairman of the joint chiefs of staff, appearing before the same committee, dismissed suggestions that any military action to remove Iraqi forces from Kuwait could be accomplished through a surgical air strike or a sustained air campaign alone.

Gen Powell said such a one-dimensional attack would still leave Mr Saddam with the initiative. He said the US had to be prepared to launch a combined air, land and sea campaign.

Mr Cheney and Gen Powell both stressed that no decisions on possible military action had been taken, but the tenor of their testimony was to emphasise the costs of delay.

Mr Cheney warned that "those who would have us rely indefinitely on economic sanctions alone need to face the possibility that they will fail to achieve our aims. Such a failure would have very serious consequences."

Mr Cheney warned that allowing more time for sanctions to work could hit those countries already adversely affected, such as Turkey, Egypt and countries in eastern Europe.

Several Democrats on the committee stressed their continuing preference for patience, although Congress will not take a collective view until early in the new year after seeing the result of the direct contacts with Baghdad.

Administration officials stressed that proposed meetings with the Iraqi leadership – with Mr Tareq Aziz, the Iraqi foreign minister invited to Washington, and Mr James Baker, his US counterpart prepared to travel to Baghdad – were not negotiations but intentions to convey a strong warning to Saddam Hussein on the need to withdraw unconditionally from Kuwait.

The State Department confirmed that Iraq had agreed that the proposed meetings should be bilateral.

Contrary to Mr Bush's suggestion last Friday that ambassadors of coalition partners might be present when Mr Aziz visited Washington the US hope is that a bilateral meeting can prevent the talks becoming embroiled with the Palestinian issue.

However, the department said that Iraq had not yet formally agreed to the proposed meetings.

There is a continuing argument between Congressional Democrats and the White House on how far the president can act without specific approval from Capitol Hill.

Mr Cheney argued yesterday that Mr Bush was within his authority as commander in chief of US forces to direct US military operations in the Gulf, while adding that it would be beneficial to have a supportive Congressional resolution.

However, Senator Edward Kennedy, the leading Democrat, stressed the need for Congress to approve any declaration of war.

The Middle East, Page 2

Renewed fighting kills at least 71 in South Africa

By Patti Waldmeir in Thokoza, East Rand

AT LEAST 71 people have been killed in political violence in black townships near Johannesburg since Sunday afternoon, in a renewed eruption of the faction fighting which has left more than 900 dead since August.

At Thokoza, the East Rand township where 52 people were killed, representatives of the conservative, largely Zulu, Inkatha party and those of the African National Congress both blamed police for much of the violence.

Thokoza was the scene of intense fighting in August between migrant workers who support Inkatha and the mainly Xhosa inhabitants of a nearby squatter camp and of the township itself, who are sympathetic to the ANC.

A night curfew was imposed on Thokoza and other East Rand townships yesterday, after Mr Nelson Mandela, the ANC deputy president, toured the township with Mr Adriaan Vlok, minister of law and order.

Mr Mandela is likely to remain *de facto* leader of the ANC despite an announcement yesterday that Mr Oliver Tambo, president of the organisation, is to return to South Africa next week for the first time in 30 years. Mr Tambo, who suffered a stroke last year, is to attend an ANC conference but is not believed strong enough to resume full duties.

The faction fighting had subsided in recent weeks but rumours then circulated in black townships that violence would resume before migrant workers returned to their homes for the Christmas holidays.

At Natalspruit hospital in Thokoza yesterday, injured residents said they had been hit by police and soldiers shooting at random from passing armoured cars, while at a nearby hostel – a stronghold of Inkatha – inhabitants said they, too, had been shot at by security forces. Hostel dwellers said at least four people had died in the shooting.

"The police were just trigger happy and the government doesn't take any action against them," said Joseph, a 26-year-old Thokoza resident who declined to give his surname. He had been admitted to hospital with multiple birdshot and bullet wounds.

Outside the J. Zihlangu Hostel in Thokoza, representatives of the Zulu hostel dwellers also complained of random police attacks.

"I want guns," said one young Zulu who expressed anger at the security force attack on the hostel. Police have been accused of siding with Inkatha in recent fighting, either openly assisting in attacks on residents or standing by while violence took place, and few Inkatha supporters have so far been injured by police.

Fighting began in Thokoza on Sunday afternoon. Opposing groups armed with AK47 automatic rifles, hand grenades, petrol bombs, cane knives and clubs, fought running battles throughout Sunday night and Monday morning.

Squatters in Thokoza township yesterday blamed police for much of the violence

Airline seeks protection

Continued from Page 1

up to buy other airlines – New York Air, Frontier Airlines and People Express – accounts in large measure for Continental's heavy debt repayment schedule, which it said yesterday it could no longer meet.

There is some \$2.2bn in debt on the balance sheet, about \$1.7bn of it secured, plus almost \$4bn in off balance sheet aircraft operating leases. The company expects to pay \$1.1bn for fuel this year, some \$231m more than it projected before the Gulf crisis.

However, Mr Hollis Harris, Continental's chairman, said the airline remained fundamentally sound.

"We cannot control our fuel costs, but by filing for reorganisation protection we can control our debt. This will provide us with the breathing space we need," he added.

Robert Taylor adds from Stockholm: SAS said the airline had written down the book value of its investment by SKr60m (\$10.7m).

Carmakers lobby EC for market protection

By Kevin Done, Motor Industry Correspondent, in London

THREE of the leading western European volume car makers, Volkswagen, Fiat and Renault, have called on the European Commission to ensure that the Japanese motor industry does not become the main beneficiary of future growth in the European car market in the wake of the creation of the single European market.

The submission from the three car makers is signed by Mr Carl Hahn, chief executive of Volkswagen of Germany, Mr Raymond Levy, chief executive of Renault of France and Mr Umberto Agnelli, deputy chairman of Fiat of Italy, but not by Mr Jacques Calvet, chief executive of Peugeot of France, one of the most outspoken opponent of Japanese car imports in Europe.

The paper says that before the European car market is opened completely there must be a transition period of unspecified length – with continuing controls on Japanese car sales – to allow the European industry to improve its competitiveness.

At the same it demands that the principle of reciprocity should be pursued in overall trade between the European Community and Japan, and that the European car market should be not be opened fully until Japan has opened its market in other sectors.

The European motor industry's lobbying efforts in Brussels have been in considerable disarray and it has proved virtually impossible for Europe's car makers to present a united front.

In response to a request from the European Commission in the autumn, the four European volume car makers have sought to prepare a united submission.

But despite Peugeot's participation in the talks, Mr Calvet felt unable to sign the confidential paper presented to the European Commission at the beginning of November.

European car makers' frustration at Mr Calvet's use of his power of veto within the CCMC, the Committee of European Community Automobile Makers, to block common European policy making, resulted last week in the resignation of 11 of the 12 member companies.

The 11 companies – Daimler-Benz, BMW, Volkswagen, Porsche, MAN Nutzfahrzeuge, Rover, Volvo Car BV, DAF, Fiat, Rolls-Royce Motor Cars and Renault – wanted to introduce the principle of qualified majority voting.

When Mr Calvet used his veto under existing CCMC rules to block the majority motion, they decided to resign and seek to form a new European motor industry organisation.

The paper submitted by VW, Fiat and Renault says that in order to face the Japanese challenge in Europe, EC policy for the motor industry must be based on:

- reciprocity in opening Japanese and European markets;
- the right of Europeans to benefit first from the gains of the single European market;
- the introduction of support measures for the industry by the European Commission particularly in the field of research and development.

The three volume car makers argue that Japan should not be allowed to choose the battlefields on which it wishes to fight, while continuing to maintain barriers to free trade in other sectors of its domestic market.

The opening of the EC car market should only happen in a way that avoids upheavals in the European market and which allows the European industry to improve its competitiveness against the Japanese car industry.

The European volume car makers were deeply concerned by internal Commission calculations in the late summer that suggested that the lifting of present import controls could mean that the Japanese share of the European market would rise to more than 18 per cent by 1998 from around 10 per cent at present, thus allowing Japanese car makers to account for virtually all the expected growth of the 1990s.

Economic indicators point to US recession

By Michael Prowse in Washington

FURTHER evidence that the US economy is slipping into recession came yesterday from the US purchasing managers' index, a widely followed gauge of industrial conditions, which fell more than two points in November to 41.3, the lowest level since the 1981-82 recession.

The fall may provoke calls for another easing of monetary policy.

It may also prompt measures to stimulate growth in next January's budget.

An index reading below 50 is regarded as a signal that the manufacturing economy is declining; a reading below 44 that the entire economy is following suit.

The purchasing index has now been below 44 for two months, and in decline since last July.

Mr Robert Bretz, chairman of the National Association of Purchasing Managers, said the level of the index indicated that negative growth, which began in October, had deepened in November.

The index's sharp fall is the first sign that the weakening of the economy is intensifying.

Past experience suggested that even if the index did not fall further in December, real GNP would decline by about 0.6 per cent in the fourth quarter.

Only last week, the US Commerce Department reported sharp declines in the October composite leading and coincident indicators of economic activity.

Both the indicators have fallen for four consecutive months.

Nearly all the indicators released by the purchasing managers imply a rapidly softening economy.

The index for new orders – the best guide to future trends – fell more than four points to 39.4, the lowest level since May 1982 when it registered 38.1.

The November production index fell from 43 to 41.8, the lowest reading since September 1982.

The index for prices fell from 76.8 to 68.7 indicating that the Gulf-related surge in inflation may have peaked.

With falling demand, purchasers were "fiercely resisting price increases", the report noted.

The inventories index rose fractionally, but the report said purchasers were trying hard to reduce the ratio of inventories to sales in response to the decline in demand.

The inventory to sales ratio is currently historically low, having trended down for eight years.

The one bright spot in yesterday's figures was the index for new export orders which increased from 51 to 55, without seasonal adjustment.

Exports have been improving for nearly three years, partly because of the weaker dollar.

Farmers of the world unite

Continued from Page 1

man of the Committee of Agricultural Organisations in the EC, said "blind liberalisation" would not only put millions of farmers and their families at risk. "You will threaten world stability itself."

The leader of the US National Farmers Union also demonstrated his solidarity with his EC counterparts at a specially invited conference farm representatives.

The fireworks and firecrackers in the centre of Brussels were in stark contrast to the expectedly low key opening of the Uruguay Round finale itself. A lot of burning of midnight oil and overturning of delicately phrased compromises, however, can be guaranteed later in the week.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	11	52
Algiers	S	15	59
Amsterdam	C	8	46
Athens	R	11	52
Bahrain	–	–	–
Bangkok	F	28	82
Barcelona	S	11	52
Beirut	–	–	–
Belfast	F	9	48
Belgrade	F	0	32
Berlin	C	6	43
Biarritz	S	5	41
Bombay	S	32	90
Bordeaux	S	7	45
Boulogne	C	6	43
Brussels	C	6	43
Budapest	S	3	37
Buenos Aires	R	24	75
Cairo	S	27	81
Cape Town	S	30	86
Caracas	C	28	82
Casablanca	F	23	73
Chicago	–	–	–
Cologne	C	6	43
Copenhagen	R	8	46
Corfu	F	13	55
Dallas	S	5	41
Dublin	Dr	8	46
Dubrovnik	R	7	45
Edinburgh	S	8	46
Faro	Dr	15	59
Florence	F	6	43
Frankfurt	Dr	3	37
Geneva	C	3	37
Gibraltar	C	15	59
Glasgow	S	8	46
Helsinki	C	6	43
Hong Kong	S	19	66
Innsbruck	C	0	32
Inverness	C	8	46
Islamabad	F	20	68
Istanbul	C	15	59
Jakarta	R	32	90
Jersey	C	8	46
Johannesburg	R	15	59
Lima	C	22	72
Lisbon	C	11	52
London	C	8	46
Los Angeles	S	14	57
Luxembourg	C	5	41
Madeira	S	20	68
Madrid	S	8	45
Majorca	F	15	59
Malaga	F	16	61
Malta	C	13	55
Manchester	Dr	7	45
Manila	F	29	84
Melbourne	C	19	66
Mexico City	C	21	70
Miami	F	22	72
Milan	S	5	41
Montreal	S	-5	23
Moscow	Sn	0	32
Munich	C	-1	30
Nairobi	F	22	72
Naples	S	9	48
Nassau	F	27	81
New Delhi	S	22	72
New York	C	5	41
Nice	S	13	55
Nicosia	C	22	72
Oporto	F	14	57
Oslo	S	7	45
Paris	C	6	43
Peking	S	7	45
Prague	F	0	32
Reykjavik	S	4	39
Rhodes	F	19	66
Rio de Janeiro	F	38	100
Rome	F	9	48
Salzburg	F	3	37
San Francisco	F	6	43
Seoul	F	2	36
Singapore	F	30	86
Stockholm	S	7	45
Strasbourg	C	4	39
Sydney	F	24	75
Taipei	C	20	68
Tangier	C	16	61
Tel Aviv	S	27	81
Tenerife	S	24	75
Tokyo	S	15	59
Toronto	C	-1	30
Tunis	F	14	57
Valencia	S	13	55
Venice	C	5	41
Vienna	Fg	-5	23
Warsaw	C	1	34
Washington	C	7	45
Zurich	C	2	36

Temperatures at midday yesterday C—Cloudy Dr—Drizzle F—Fair Fg—Fog H—Hail R—Rain S—Sunny Sl—Sleet Sn—Snow T—Thunder

THE LEX COLUMN

AT&T's curious connection

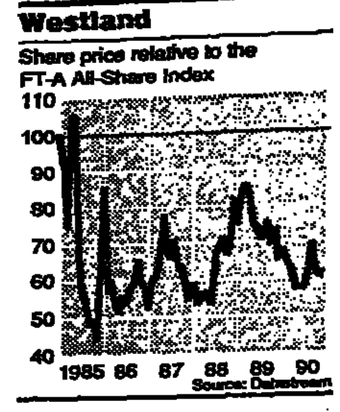
Despite the blockbusting size of AT&T's bid for NCR, it somehow does not feel as if the hostile mega-bid is back. The first snag is that the \$6bn offer is all paper. To date, AT&T has retained some of the defensive qualities of a utility. It now proposes to take on a much more volatile company whose earnings this year will be lower than last, just as the US moves into its first recession for a decade. To make that sound appealing, AT&T is going to have to offer cash.

Equally, AT&T is going to have to secure the assent of the NCR board if it is to get the help it needs in tackling its own chronically loss-making computer business. A somewhat higher cash offer would doubtless do the trick. What it would do for AT&T, whose debt of over \$12bn makes it almost 50 per cent geared already, is another matter. If one of America's biggest companies chooses to load itself with debt at this stage of the cycle, it is either ahead of the times or oddly behind them.

Nor is it quite clear what putting the two companies' computer businesses together would achieve. AT&T has been seeking a partner in computers for some years now. But it remains an open question why a telecoms giant should be in the business of competing with such as IBM in the first place. Curiously enough, it was announced yesterday that STC has completed the sale of its own computer business, ICL, to Fujitsu. That was one instance, if on a much smaller scale, of the theory of convergence between telecoms and computers coming to nothing.

Westland

Share price relative to the FT-A All-Share Index



M&G

It has not been the best of years for M&G, the UK's premier unit trust group. Its heavy concentration on smaller companies meant its investment performance was nothing to write home about. Its funds under management fell by 15 per cent to £6.7bn and are back where they were in September, 1987. Yet the company has increased its full year earnings per share by 20 per cent to 32.1p and the dividend has been raised by 36 per cent. It is the sort of performance which sets the company apart from the rest of the UK's fund managers.

M&G has always been a strong proponent of the idea that companies should return the bulk of their earnings to shareholders rather than hang on to it. But dividend cover has been falling steadily and is now under two times, so M&G shareholders must be hoping that the company is correct and that a bull market is around the corner.

However, unlike many other fund managers, such as Dreyfus in the US and Henderson Administration in the UK, M&G does not have to depend for the bulk of its profits on the earnings on its cash pile. Despite a near halving of net unit trust inflows, M&G earned more money from fund management than the year before. Indeed, it was able to increase its operating margins by a few percentage points to an enviable 44 per cent.

Westland

Westland could yet suffer the frustration of recovering just in time for a cyclical downturn and then being taken over. Its managers have struggled hard to restore its financial health. Judging by its full-year results yesterday they have largely succeeded. Productivity has been improved and costs tightly controlled; spare parts have provided a lucrative support to the aerospace and helicopter businesses. In a depressed defence industry, pre-tax profits growth of 27 per cent is a fine performance. Strip out £3.2m of exceptional debits in 1989 and it still looks good.

The difficulty is that the helicopter order book is based on expectations rather than solid contracts. Profits are coming through this year from Lynx deliveries to South Korea; but the remaining business, including the vital £2bn EH101 project, remains unconfirmed. The company is vulnerable in the event of delayed decisions, although a Gulf war would undoubtedly help. GKN, sitting on a 22 per cent stake, could lose patience. Westland's shares have been underperforming the defence sector and the index since 1988. The fate of the UK's helicopter industry might be decided by foreigners yet.

Unit Trusts

A rare event occurred yesterday; the Securities and Investments Board produced its proposals for regulating unit trusts and related products and was praised. Not everyone was impressed; the admittance of managed property funds at a time when valuations are unusually subjective did strike a mildly controversial note. But the broad thrust of the regulations, introducing Futures and Options Funds (FOFs) and a more highly geared equivalent (GFOFs), was welcomed by fund managers, many of whom have long been itching to put their skills with derivative instruments to the test. The inclusion of commodities among allowable investments was a sensible decision, as was the reversal of a previous proposal disallowing over-the-counter contracts. If the SIB is not careful, its document could become the model for future European-wide regulation.

The question is whether the retail market can be persuaded to overcome its suspicion of derivatives and invest in the new funds. Slick marketing will stress the possibility of 40 per cent annual returns from the GFOFs, comparable with the best performance by highly risky equity investments in hot markets. Well managed GFOFs should have considerably less risk than a straight unit trust, but picking the right fund manager will not be easy. In particular, investors ought to be told whether their GFOF is buying or selling options in order to achieve gearing. At the moment that will not be revealed, but it makes a significant difference in risk terms.

BTR

Though rather abruptly announced, the stepping down of Mr John Cahill as managing director of BTR is apparently part of the grand plan. Having reached the statutory age of 60, Mr Cahill is joining the chairman, Sir Owen Green, in the curious BTR status of not-quite-non-executive director. His successor, now 54, has been responsible for the group's most spectacular success of the 1980s, BTR Nylex. The contrast with Hanson and Lonrho, neither of whom seem to have any succession plans at all, ought to be worth something in the share price over the longer term.

INSIDE

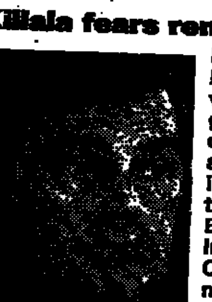
Jardine may cancel Hong Kong listing

Jardine Matheson, doyen of Hong Kong, is threatening to leave the colony's stock exchange. Henry Keswick, head of the Scottish family that controls Jardine, is seeking a primary listing in London to protect the group from takeover by the Peking government after Hong Kong returns to China in 1997. The property to hotels and retailing conglomerate first broke ranks in Hong Kong eight years ago by announcing the transfer of its legal domicile to Bermuda – since then more than 90 companies have followed Jardine's example by setting up domicile overseas. Page 31

M&G lifts dividend despite second-half slowdown

M&G, the UK's largest unit trust group, is determined to raise its dividend by a significant amount, despite a sharp slowdown in new business in the second half of its financial year. The group yesterday announced pre-tax profits for the year as a whole up 19 per cent to £35.7m ($18.6m). Unit trust sales in the second half fell to £227m, a third lower than the same period in 1989, reflecting the malaise that has fallen across the personal investment sector. Richard Waters reports. Page 34

Killala fears remote control



Killala is a remote town in county Mayo, in the west of Ireland. At first glance, the long, drawn-out Gatt negotiations appear to have had little impact on this village at the periphery of Europe. But Ray MacSharry, the Irish EC Agricultural Commissioner (left), has made it clear that the future of towns like Killala will be inextricably linked with the present round of talks. Kieran Cooke reports on the implications of Gatt for the west of Ireland. Page 28

Staal falls into the red

Narrower interest rate margins and sluggish activity on the Amsterdam bourse has taken a toll on Staal Bankiers of the Netherlands. The group yesterday revealed a loss of of Fl 8m ($4.7m). The announcement will complicate the efforts of its majority shareholder, the retail group Vendex International, to dispose of its 79 per cent stake in the bank. Page 28

Last chance for Goodman rescue

Last minute efforts are under way to rescue Goodman International, Europe's biggest beef processor, before next Tuesday. That is the deadline set by the Irish High Court for a solution acceptable to 33 banks owed Ir£500m ($284m). If a rescue has not been agreed, then Goodman, controlled by Irish "beef baron" Larry Goodman, is likely to go into liquidation. Kieran Cooke reports on the negotiations with creditors. Page 36

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Beiersdorf	780	+	30
Brown Boveri	776	+	36
Rosenthal	371	+	11
Siemens	609	+	11.2
Falls			
Bil & Berg	824	–	18
Porsche	700	–	20

NEW YORK ($)			
Rises			
NCR	81½	+	24¾
Schl-Plough	47¼	+	½
Falls			
AT&T	30	–	2⅞
First Fior Bnk	11	–	1⅛
Mid St Fed Bnk	9	–	8⅜
Selection	7¾	–	2¼

PARIS (FFr)			
Rises			
Club Med	452	+	18
Cred Fonc Fr	885	+	45
Fonciere Lyonn	850	+	33
Havas	479.4	+	20.7
Lafarge Coppee	337.8	+	12.5
Falls			
Industrielle	4462	–	138

TOKYO (Yen)			
Rises			
Hitachi	105	+	20
M'bishi Elec	615	+	15
M'bishi Heavy	635	+	12
S'tomo Metal	409	+	19
Falls			
Isuki	650	–	10
Kawasaki Steel	399	–	6

LONDON (Pence)			
Rises			
AtlanticSec	23	+	5
BTS	18	+	3
Burmah	471	+	12
Carlton Comms	359	+	14
Glaxo	830½	+	24½
GUS A	1126	+	23
ICI	883	+	13
Land Sec	534	+	14
M & G Group	363	+	15
MEPC	522	+	15
Norfolk Hse	126	+	8
Reject Shop	47	+	5
Slebe	298	+	12
Tiphook	361	+	10
Water Pkg 2	2565	+	60
Willis Corroon	260	+	10
Falls			
Chamberlin Hill	65	–	10
Ladbroke	264	–	10

WestLB buys 51% stake in Horten stores

By Katharine Campbell in Frankfurt

WESTDEUTSCHE Landesbank, the big public sector German bank, is to pay £140m to buy 50.1 per cent of Horten, Germany's fourth largest department store group, from BAT, the UK conglomerate.

The deal is still subject to German cartel office approval.

BAT has been trying to dispose of its investment for more than a year following a wholesale restructuring at the struggling department store group. The price represents a considerable discount to current market value.

Horten's sale to a bank rather than to an institution with retailing expertise disappointed the market, and yesterday its shares fell DM14 to close at DM203. Some analysts fear that WestLB's involvement will not improve the situation at Horten.

"Horten's problem has been one of trading, not of finance," according to said Mr Malcolm MacLachlan, assistant director of European equity research at UBS Phillips & Drew.

Extensive restructuring costs have dented profits in the last couple of years, leaving the group with a DM24m ($16m) loss in the first half of 1990.

The bank, which views the purchase as a "profitable investment", yesterday ruled out a quick sale. However, it said it did not intend to hold the shares for the long term.

"We want to support the company during the implementation of its present strategy, and then find a suitable solution – whether that be via the stock market or selling the block on to another institution," a bank spokesman said.

Other potential purchasers had been keen to break Horten up and dispose of individual stores, but WestLB has indicated it will keep the group intact.

In general, 1990 has proved an exceptional year for domestic retail demand. The influx of east German citizens, whether to stay or as day-trippers, has boosted retail sales. Turnover at Horten has grown by more than 10 per cent in recent months.

Fiat division sells car wiring side to Labinal

By William Dawkins in Paris

PRECISION Mecanique Labinal, the French maker of aerospace and car components, is buying the automobile wiring activities of Magneti Marelli, Fiat's components division.

Labinal is paying the Italian car producer an undisclosed sum for the activities which generate a FFr2bn ($395m) annual turnover.

The deal is the latest in a recent series of takeovers in the European car components industry, in which the leading players are adjusting their positions to cope with the downturn in car sales and the increasing demand for high technology components.

Labinal, in which Fiat has a 14 per cent equity interest, is also discussing co-operating with Magneti Marelli in the development of electronic automotive components.

The acquisition will more than double Labinal's automobile wiring sales to FFr3.5bn annually, spread across 14 factories in five European countries, plus Morocco. It turns Labinal, which reported net profits of FFr272m on sales of FFr6.8bn last year, into one of the European leaders in the production of wires, cables, junction boxes and car switches.

Labinal and Fiat have long had close industrial and commercial links. These were cemented two years ago when the Italian company took its shareholding in Labinal. The French authorities expressed concern at the time because of Labinal's defence activities, but a year later, the group was still permitted to take control of Turbomeca, the French helicopter equipment maker.

That deal contributed to a sharp increase in Labinal's sales and profits last year. Turnover rose from FFr4bn to FFr6.8bn and net earnings climbed from FFr174m to FFr272m.

Labinal will integrate the acquisition, which embraces Magneti Marelli's Cavis offshoot in Italy and DAV in France, with its own RKG automotive components unit. The French company plans to issue new RKG shares to fund the deal, though Labinal will keep majority control.

Love in a cold climate

British hoteliers have been unable resist the lure of the US. Wednesday sees the result of a $2bn foray by Bass, reports David Churchill

The weather is turning chilly in the US, and Bass, the UK brewing and hotel group, is out in it without an overcoat.

When Bass announces preliminary figures on Wednesday, investors will be watching to see if it has caught a cold. For the first time, the figures will include the results of Bass's $1.98bn acquisition of the Holiday Inn hotel chain in the US earlier this year.

A glut of hotel beds and a drop in demand is forcing US hoteliers to cut rates to win business. A record 314 US hotels have failed so far this year – almost two-thirds more than at the same stage a year ago – and big chains such as Marriott, Hilton Hotels, and Days Inn are feeling the pressure. The US's second largest hotel chain, Prime Motor Inns, has filed for Chapter 11 protection from its creditors.

The frigid climate for the US hotel industry is the more striking because of the weather is still balmy in Europe and Asia. The rapid expansion of the economies of the Pacific Rim, the potential of western European markets after 1992, and the opening up of eastern Europe have attracted most hoteliers' attention away from the US.

Increasingly, the global players in the hotel industry come from Europe or the Far East. Bass, for example, can claim to be the world's biggest hotelier in terms of numbers of hotels, thanks to its world-wide ownership of the Holiday Inn chain.

Other British players include Ladbroke, with the Hilton International chain (and some nine hotels in the US under the Vista brand), Trusthouse Forte, and Queens Moat Houses.

Accor of France is the main continental European competitor. Japan's Seibu Saison leisure conglomerate shares ownership of the Inter-Continental chain with the SAS airline.

The North American hotel industry remains, none the less, the largest and most sophisticated hotel market in the world. Its 40,000 hotels and more than three million rooms account for a third of world hotel stock – boosted artificially by tax breaks for individual investors in the early 1980s.

British hoteliers have been unable to resist the lure of the US hotel market. "After all, it is the biggest and most important place to be," says Mr Rocco Forte, chief executive of Trusthouse Forte. Yet, as with other forays into the US – such as those by UK retailers Marks and Spencer and Mothercare – the results have been a long time coming.

THF, for example, has built up a portfolio of 522 hotels in the US, mainly Travelodge motels run either as joint ventures with US operators or on management or franchise contracts. The US operation went nowhere in the 1980s. In 1987, Sir Ian MacGregor, the former British Coal chairman, took over. He revamped the operation with a three-year rationalisation programme and new management systems.

Other UK companies have also had mixed fortunes in US hotels. For example, Greenall Whitley, the regional British brewer, bought the six-strong Treadway Inns chain for £4.6m ($2.4m) in 1982. The move turned into disaster, with profits shrinking and little opportunity to realise the chain's book value in current conditions.

Bass's foray into the US was on a much grander scale. It first saw the potential in the Holiday Inn brand in 1987, when it acquired rights to most of the Holiday Inns outside of the US for £290m. The relatively low price reflected the fact that it was buying the brand name and franchise rights rather than actual properties. It subsequently mopped up rights to the remaining non-US Holiday Inns, before securing the world-wide rights to the brand name, plus outright ownership of the US hotels in February.

A glut of hotel beds and a drop in demand is forcing hoteliers in the US to cut rates to win business

The timing of the deal came just as the US hotel market started to look vulnerable to recession. Analysts fear that the price paid and the debt incurred was too high.

Mr Brian Langton, Bass's chief of Holiday Inns worldwide, insists that the gloom about the US market has been overdone. "It is not one homogeneous market but a collection of different markets," he points out. "Thus, while the north-eastern states are facing a difficult time, others – such as in the farm belt or oil states – are doing better."

Holiday Inn's spread gives it stability, with the markets that are down balanced by those that are up. "We know a lot more about the US market and how it works than before the acquisition and are confident of our strategy," he says.

Holiday Inn has historically been a strong brand, ranking 89th in awareness out of all consumer brands in the US, according to a recent survey by Landor Associates. None the less, its mid-price positioning has been seen as a weakness, making it vulnerable to competition from discounting luxury hoteliers on the one side, and ambitious discount chains on the other.

Bass is pouring another $1bn into upgrading and expanding the chain over the next three years. To catch up with the changing patterns of demand in the US, it plans to market different types of Holiday Inns to meet travellers' differing needs. A new Holiday Inn Express chain will be aimed at the rapidly-growing "upper economy" segment of the market, with lower prices and limited service (providing, for example, no food except a breakfast buffet). These new hotels can be opened in cities which already have their full complement of traditional Holiday Inns.

The financial problems of some other chains means there are bargains to be had. Mr Langton says there will be "a window of opportunity for a couple of years" when cheap hotel prices will allow Bass to acquire niche hotels in strategic locations.

THF could also use this window to develop in the US. "There are likely to be quite a few opportunities over the next 12 months and we would consider them very seriously," says Mr Forte.

"If you're a well-run company with a sound financial base, then the US is going to offer a lot of prospects."

Brian Langton: talk of US gloom has been overdone

Brazilian losses spark 47% fall in profits at Poulenc

By William Dawkins in Paris

RHONE-POULENC, France's leading chemicals producer, yesterday reported a 47 per cent plunge in net profits for the first nine months of 1990, hit by the dollar's weakness and big losses in Brazil.

The state-owned group, headed by Mr Jean René, confirmed that profits would fall for the year as a whole, but said operating income should rise significantly in 1991 thanks to acquisitions in pharmaceuticals, where margins are wider than in the more cyclical parts of the chemicals industry.

Earlier group forecasts of a 40 per cent decline in earnings per share this year were now conservative, warned officials. Yesterday's result shows that the profits fall has gathered speed since the first half, when Rhône-Poulenc reported a 12.9 per cent earnings decline.

Net attributable profits fell from FFr3.72bn ($734m) to FFr1.97bn in the nine months to September, on turnover up by 8.4 per cent, from FFr53.94bn to FFr58.48bn. Stripping out the first contributions from Rhône-Poulenc's recent ambitious international acquisition spree, sales fell by a comparable 6.7 per cent, mainly due to exchange rate changes.

The group attributes nearly two-thirds of the profits fall to the effects of Brazil's economic austerity plan, which led to a FFr439m loss at Rhodia, its subsidiary there, a swing of nearly FFr1bn from Rhodia's FFr517m profit in the same period last year.

The rest of the damage came from a general slow-down in chemicals demand, plus the erosion of margins on sales to the US and Japan caused by the fall in the dollar and yen.

Rhône-Poulenc makes at least 20 per cent of its sales in dollars and 3 per cent to 5 per cent in yen.

Interest expenses rose steeply, from FFr1.4bn to FFr2.7bn, the effect of a rise in borrowings needed to fund a record series of acquisitions, including a controlling stake in Rorer, the US pharmaceuticals company and takeovers of two speciality chemicals offshoots – RTZ in Britain and GAF in the US.

However, the group says it will have made enough capital gains from divestmenats in the current quarter to compensate for the rise in financing charges.

Metallgesellschaft jumps 25% but warns of uncertain climate

By Andrew Fisher in Frankfurt

METALLGESELLSCHAFT, the German metals, mining, chemicals, and engineering group, yesterday revealed a rise of more than 25 per cent in net profits, but said the world economic situation had since become more uncertain.

Mr Heinz Schimmelbusch, the chief executive, said this was the fifth consecutive increase in earnings. He gave no figures, but such an increase would bring net profits for the year to September 30 up to at least DM256m ($171m) from the DM205m achieved in 1988-89.

The main impetus for the rise came from the trading and financial services operations and from Lurgi, the industrial plant company. Lurgi benefited from an upturn in energy and environmental technology business.

At the pre-tax level, Mr Schimmelbusch reported a 10 per cent increase to DM480m. Turnover eased by 1 per cent to DM19.9bn due to lower metals and chemicals prices. These figures are provisional.

Expressing concern about the outlook for 1990-91, he said the group still hoped to produce a satisfactory result. He cited the lower dollar, the approaching recession in the US, and the fall in trade with eastern Europe as difficult factors.

It was hard to make forecasts at a time of such "extraordinary uncertainty" over the outcome of the Gulf crisis, the development of energy prices, the world economy, and the capital markets. "No one in this room can make forecasts about whether or not there will be a war in the Gulf this January."

He said Metallgesellschaft was reining back its investment programme for 1990-91. This year's spending would total between DM800m and DM1bn, compared with DM1.4bn in 1989-90 (of which DM844m represented capital spending and the rest financial investments).

Mr Schimmelbusch said Metall Mining Corporation, the group's quoted mining offshoot, turned in a lower profit. This was due to lower non-ferrous metal prices and problems at the Cominco mining company in Canada, in which Metall Mining has a stake.

Club Med forecasts 8% increase in net profits

CLUB Mediterranée, the French holiday village group, expects net profits after payments to minority interests to show an increase of around 8 per cent for the year ended October, 1990, Reuter reports from Paris.

The company, which turned in net profits of FFr365m ($72.1m) in 1988-89, noted that it had not yet taken account of capital gains recorded in the latest period.

If the 1989-90 figures come in as expected, they would represent a substantial second-half recovery from the 3 per cent setback shown by earnings for the first six months of the year.

However, the group stressed that negative trends under way did not bode well. Club Med is experiencing weak sales in the Mediterranean region as a result of the Gulf crisis, while economic slowdown in the US has cut into North American demand for holidays.

At the same time, Club Med is to reduce its shareholding in the private French charter airline Minerve to 40.2 per cent from 50 per cent under an FFr80m capital increase

Club Med took a 50 per cent stake in Minerve in April by subscribing to a separate FFr90m capital increase.

The latest increase, which boosts Minerve's capital to FFr185m, also cuts the stake held by Minerve's chairman, Mr Rene-Fernand Meyer, and a group of founding shareholders to 29.3 per cent from 50 per cent.

The move also introduces three of Club Med's shareholders into Minerve's capital. Bank Credit Lyonnais will take a 19.5 per cent stake, private bank Edmond de Rothschild an 8 per cent stake, and Italy's IFINT, owned by the Agnelli family, three per cent.

Club Med acquired its stake in Minerve SA in April as part of a strategy to create an integrated vacation company. Club Med is Europe's third-largest hotel chain.

Minerve, which lost about $50m in 1989 and is expected to post a shortfall of $100m this year, is expected to continue to weigh on Club Med,s balance sheet during the current year.

Metsä-Botnia plans new pulp mill

METSA-BOTNIA, the Finnish pulp group, plans to build a new pulp mill at Rauma on Finland's west coast at a total cost of about FM3bn ($833m), Reuter reports from Helsinki.

Metsä-Botnia is 30 per cent owned by Metsä-Serla and 23 per cent by the Metsaliitto growers association, which holds about 48 per cent of Metsä-Serla. The balance of Metsä-Botnia will be held by United Paper Mills (UPM).

Metsä-Serla, Metsäliitto, UPM and Rauma-Repola with which UPM is merging, said they had set a start-up target date for the new plant of late 1994.

Rauma-Repola, which already has a pulp mill at Rauma but has been planning to build a new one, would sell its planning work to Metsä-Botnia, which would continue it.

Rauma-Repola's current mill, with an annual capacity of 170,000 tonnes, would close when the new one, with a capacity of between 400,000 and 500,000 tonnes, starts up.

A leasing contract would be signed immediately for the site of the new mill on Rauma-Repola land. Decisions on the construction would be made by mid-1992.

The total cost of the new mill, including construction time and working capital would be about FM3bn.

Metsä-Botnia is also still considering two other possible Finnish pulp mill projects, at Kajaani and Kaskinen, deputy managing director Erkki Varis said.

● Aker, of Norway said yesterday it had no plans to merge with Kvaerner, dismissing reports that the two engineering companies had such plans, Reuter reports from Oslo.

"The background . . . is an initiative from Kvaerner concerning closer co-operation between the two companies. There has not, however, at any moment, been any negotiation between Aker and Kvaerner about this," Aker said.

"The board has decided to reject the initiative and not bring the issue any further," Aker added.

FEC to buy out bank shareholders

By Enrique Tessieri in Helsinki

FINNISH Export Credit (FEC) is to buy out three leading bank shareholders for FM702.2m ($200m).

FEC will purchase the 15.67 per cent of itself owned by Union Bank of Finland (UBF) for FM313m and the 11.61 per cent owned by Kansallis-Osake-Pankki (KOP) for FM232m. State-owned Postipankki is to sell FEC its 7.87 per cent stake for FM157.2m.

The deals will increase the state's share within FEC to 84.3 per cent from 54.66 per cent. The other shareholders – comprising private Finnish corporations – will also increase their equity stake to 15.7 per cent from 10.19 per cent.

Analysts believe that the simultaneous disposals by UBF, KOP and Postipankki reflect the tough times presently facing Finnish banks and are aimed at rationalising activities, cutting overheads and bolstering margins.

Falling trade levels with the USSR as well as stiffening competition among Finnish banks are further explanations for the pull out of these three banks withdrawal from FEC.

Asil Nadir offers security to cover debts

By Richard Waters

MR ASIL Nadir, chairman of Polly Peck International, yesterday staved off the threat of immediate bankruptcy by promising his creditors security to cover debts of more than £35m ($66.5m).

Mr Nadir once spoke for a 'paper fortune' of more than £400m as Polly Peck, of which he owned more than a fifth, rose to a market value of nearly £2bn. The shares could now be worthless.

At a High Court hearing in London yesterday, his lawyers said Mr Nadir would give his creditors a charge over his assets, mostly in Turkey and northern Cyprus. This is intended to be completed by or soon after January 8.

According to a list of assets presented to the creditors Mr Nadir's remaining fortune more than covers his debts. However, one creditor commented later: "The proof of the pudding is in the eating."

The threat of bankruptcy has come from brokers Barclays de Zoete Wedd and Lehman Brothers International, which are owed £22.1m between them. The money was lent in September to help Mr Nadir buy Polly Peck shares. These were taken as security by the brokers.

Mr Nadir spent more than £35m on shares in September, with most of the balance believed to be owed to broker Carr Kitcat & Aitken.

A statement released by BZW after the hearing said Mr Nadir had reached agreement with his "main creditors", but did not name them. Carr has refused to comment.

MBB proposes axing 2,000 jobs

MESSERSCHMITT-Boelkow-Blohm (MBB), an aerospace unit of Daimler-Benz, plans to cut 2,099 jobs before 1995 at its Ottobrunn and other plants, Reuter reports.

The head of MBB's workers' committee said MBB planned to promote early retirement and not to fill open jobs. But it would also lay off workers when the measures proved insufficient.

Westland advances 27% to £26m

By Paul Betts, Aerospace Correspondent, in London

WESTLAND, the UK helicopter group, yesterday reported a 27 per cent increase in pre-tax profits to £26.2m ($50.8m) for its financial year ended September compared with profits of £20.7m in the previous year.

The company also announced the first dividend increase since it resumed paying one in 1987. The final dividend was increased to 2.5p a share from 2.25p last year bringing the total dividend for the year to 3.75p a share compared with 3.5p a share.

Orders received in the year rose 30 per cent to £452.7m and all the company's subsidiaries operated profitably.

Although Westland is still awaiting key production orders from the ministry of defence for the EH101 naval and transport helicopter jointly developed with Agusta of Italy and for a new army anti-tank helicopter, its helicopter division showed an operating profit of £19.2m on sales of £263.2m last year compared with profits of £19.7m on sales of £297m the year before.

Helicopters accounted for 64 per cent of the company's activity compared with 69 per cent in the previous year. The group's overall sales declined to £411m from £431.9m the previous year.

Mr Alan Jones, chief executive, said the group's aerospace division based in the Isle of White had shown encouraging growth with operating profits increasing to £5.8m on sales of £58.8m from profits of £3.5m on sales of £47.6m the year before.

The group's technologies and engineering products division also reported increased profits of £9.6m compared with £8m on a small turnover increase to £105.4m from £103.3m.

The results were above institutional expectations of full year pre-tax profits in the range of £20m to £23m for Westland, which has been undergoing a reconstruction and restructuring process since its crisis four years ago.

Sir Leslie Fletcher, chairman, said the company was now in much better shape to compete successfully in the current difficult business climate.

Staal slips into reverse for year

By Ronald van de Krol in Amsterdam

STAAL BANKIERS, of the Netherlands, has slipped into loss, complicating the efforts of its majority shareholder, the retail group Vendex International, to dispose of its 79 per cent stake in the bank.

Results in 1990 will show a net loss, before extraordinary items and provisions, of Fl 8m ($4.7m), a reversal of its net profit of Fl 8m a year earlier.

Staal also said it will be taking a one-off provision of Fl 50m to finance a reorganisation aimed at slimming down its operations and refocusing its activities to emphasise private and merchant banking. The bank blamed the downturn on narrower interest rate margins and sluggish activity on the Amsterdam bourse.

The reorganisation, which will take three to six months to carry out, will cause the loss of 90 jobs from the 230 workforce. The bank expects to return to profitability in 1991.

Banque Bruxelles Lambert, Belgium's second largest bank, last week abandoned plans to buy a majority stake in Staal, which is based in The Hague. Trading in Staal shares, suspended last Thursday, is expected to resume today.

Earlier attempts by Vendex to sell its stake in Staal to VSB Groep, the Dutch savings bank group, also ended in failure. Vendex is seeking to sell the stake in order to concentrate on core retailing activities.

As part of the reorganisation, Staal will end its lending to larger Dutch companies and concentrate on serving wealthy private clients, institutional investors and small and medium-sized companies.

Staal will be selling its property and venture-capital holdings to Vendex at book value. Vendex will also temporarily take over Staal's portfolio of long-term loans until it can place them with another bank.

After the operation, Staal will have funds of Fl 140m and a balance sheet total of between Fl 1bn and Fl 1.12bn, a reduction of Fl 1.2bn.

More time for Turkish airline flotation

By John Murray Brown in Ankara

THE flotation period for Turk Hava Yollari, the Turkish state airline, is to be extended to December 7 following a slow response by investors.

The government is making a public offer of a minority shareholding in the airline via a TL40bn issue. The offer was to have closed last week.

Turkey's stalled privatisation programme was revived in October with the sale of two small cement companies. However THY has proved a stiffer test for the Turkish stock market which has fallen by 40 per cent since the Gulf crisis.

Martini & Rossi to buy Otard stake from Bass

By George Graham in Paris

MARTINI & ROSSI, the Swiss-controlled drinks group, has agreed to buy control of Otard, the cognac producer, from Bass of the UK.

The agreement, subject to the approval of the French finance ministry, provides for Martini, which already owns 25 per cent of Otard, to buy a further 52.5 per cent stake held by Bass.

Martini's subsidiary, General Beverage, already owns the Gaston de Lagrange cognac house but is reported to be paying FFr300m ($59.2m) for control of the more famous house of Otard, founded in the 18th century by a family of Jacobite exiles.

Otard, with annual sales of around FFr220m, ranks sixth in the cognac market – behind Hennessy, Martell, Rémy Martin, Courvoisier and Camus.

Otard has always concentrated on the top end of the market, with over 80 per cent of its volume in VSOP quality or better.

General Beverage already has a partnership with Bass in Westbay Distributors, which distributes Otard as well as Bacardi.

The group has expanded its French activities in the past few years after buying Bénédictine, the Normandy liqueur producer, following a takeover battle with Rémy Martin.

Air Europe Italia expects small deficit

By Sari Gilbert in Rome

AIR Europe Italia expects to end its first year of operations with revenue of L40bn ($35m) and a small deficit, according to Mr Lupo Rattazzi, president of the company which is part of the Airlines of Europe group.

But existing revenue levels justify great optimism for 1991, in which the company expects sales of L110bn and gross profits of L4bn, he says.

In particular, the airline, which is particularly strong on destinations such as Mexico, Cuba and Santo Domingo, expects to corner two-thirds of charter flights out of Italy.

At present, Air Europe Italia, whose major Italian stockholders are the Alpitour travel agency, with 25 per cent, and the Fiat motor group and the Rattazzi family which together hold an additional 6 per cent, services long-range routes unused by Alitalia.

Hakuhodo in joint Australian venture

HAKUHODO, the second largest Japanese advertising agency, is setting up a new agency in Australia as a joint venture with Lintas, a subsidiary of Interpublic, the US marketing group, writes Alice Rawsthorn.

The new agency forms part of the international expansion of Hakuhodo and other Japanese agencies.

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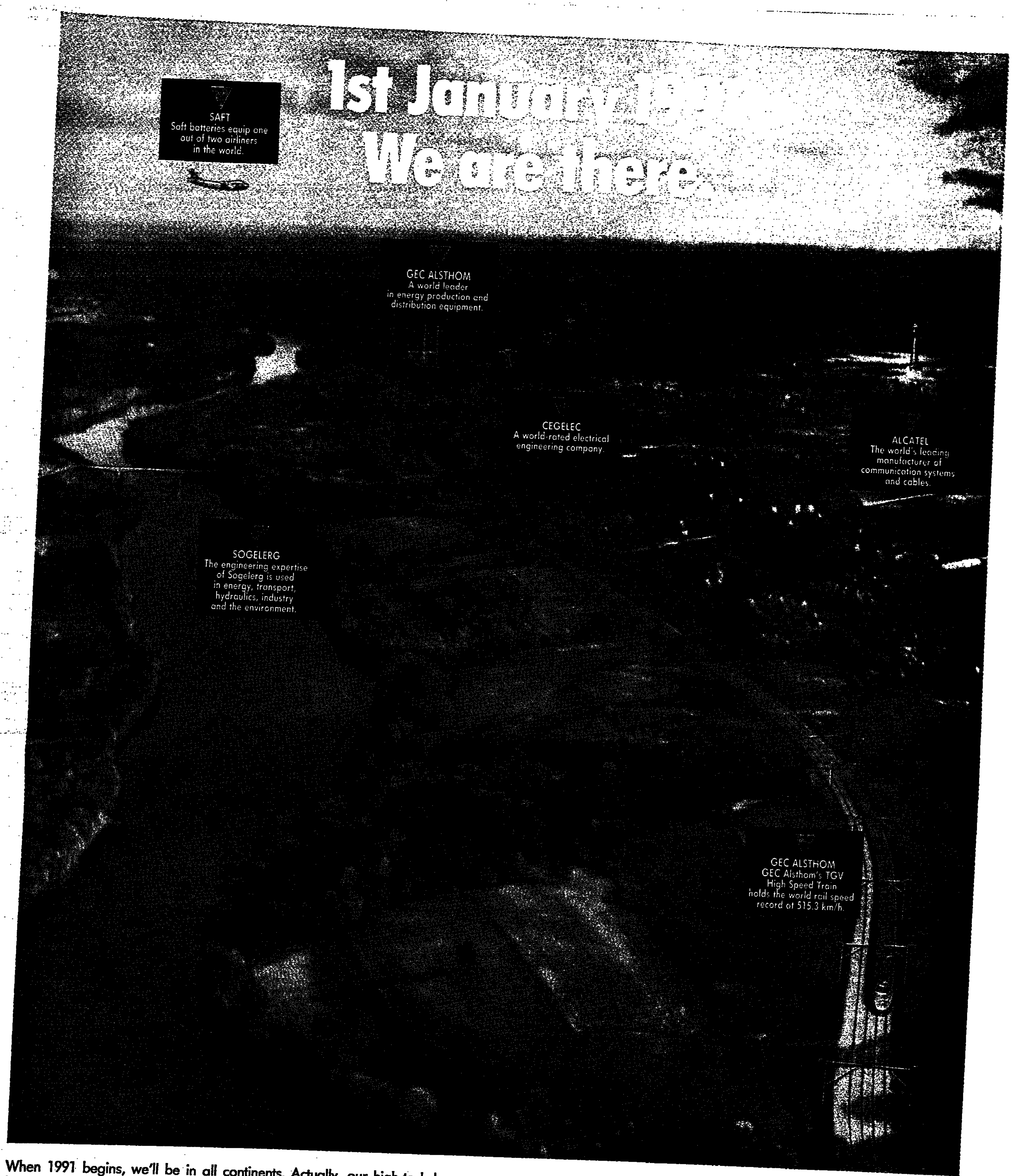


When 1991 begins, we'll be in all continents. Actually, our high-tech has been part of the landscape in more than 100 countries for a long time. But our name is relatively unknown. This is despite the fact that our communication services convey millions of pieces of information be it text, voice or image. Our electrical power stations provide energy throughout the world and our transport services ease travel across all continents. Our TGV High Speed Train holds the world rail speed record at more than 500 km/h. Equally, we are also one of the world leaders in the field of electrical engineering. Our batteries provide energy for millions of types of equipment. So on January 1st we'll have a new name: CGE will become Alcatel Alsthom.

ALCATEL ALSTHOM

Alcatel Alsthom. 54, rue La Boétie 75008 Paris, France

HDM

INTERNATIONAL COMPANIES AND FINANCE

Foster Wheeler in power plant link with FiatAvio

By John Wyles in Rome

FIATAVIO yesterday added a new name to the increasingly crowded Italian ranks of power station manufacturing joint ventures when it announced a link-up with Foster Wheeler Italiana, a subsidiary of Foster Wheeler, the US heavy plant manufacturer.

The Fiat group's turbine manufacturing company is to hold the majority 60 per cent stake in F.FW. FiatAvio Foster Wheeler per L'Energia, which is to offer the construction of steam-gas electric power stations to the Italian and world markets.

The move is the second in less than a month to involve a leading Italian company in a joint venture for the construction of combined-cycle power stations.

Ansaldo, part of the state-owned Finmeccanica group, last month decided to enter the steam-gas power generating business in a partnership with Siemens, which will be supplying the technology.

At the same time, a third Italian manufacturer, Nuovo Pignone, which is part of ENI, the state-owned energy group, is in a manufacturing partnership with CGE-Alsthom of France, employing General Electric technology.

FiatAvio said yesterday it would be pooling its expertise in gas turbine manufacturing (based on Westinghouse technology) with Foster Wheeler Italiana's boiler manufacturing capacities in the new Milan-based joint venture.

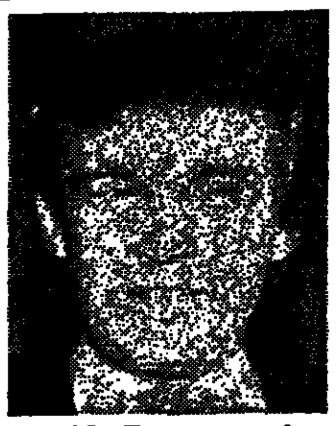
The two companies already have experience of working together in producing a 120 MW station for Fiat's Mirafiori plant at Turin. Their new joint venture will be building an additional 20 steam-gas power stations with a total capacity of 1,000MW for other Fiat establishments in Italy.

The fact that three Italian companies – two public and one private – will be competing in rival joint ventures in world markets is regarded as inherently unhealthy in Italy.

However, all efforts to bring them together have failed because of commitments to different technologies in the cases of FiatAvio and Nuovo Pignone and because Ansaldo had to bow to Soviet wishes that it link-up with Siemens if it is to be sure of a very large order to construct 27 steam-gas stations in the USSR.

Trump defaults on $50m casino loan

By Nikki Tait in Atlantic City


Donald Trump: casino empire under scrutiny

THE heavily-indebted Trump Organisation, the casinos and property group, has defaulted on a $50m loan from the National Westminster Bank used to fund its Taj Mahal casino, the newest of its three Atlantic City properties.

Mr Steven Bollenbach, Trump's financial director, told the New Jersey Casino Control Commission that Trump had recently had "a lot of conversations with NatWest" and that he believed the bank was prepared to re-structure the loan.

This, he suggested, could involve changing the interest rate and maturity on the loan.

Under questioning from the gaming authority's officials, Mr Bollenbach said defaults had occurred in October and November. Asked if the missed October payment was around $390,000, Mr Bollenbach said he was uncertain but believed the figure might have been somewhat larger.

His remarks came as the Trump Organisation yesterday began a defence of its financial position before the New Jersey casino commissioners.

The commission is looking into the financial stability of Trump's casino empire – a hearing which was postponed last summer in the wake of a financial re-structuring for the whole group. This involved a new $65m facility and an interest moratorium of around $1bn of the group's debts.

Yesterday, Mr Trump's lawyers also suggested the commission should consider approving the re-structuring of $675m of bonds issued to fund the Taj.

Broad details of this latest re-structuring were announced last month, 12 hours after Trump missed a $47.3m interest repayment on the bonds.

Warning of rising losses from Fleet Aerospace

By Bernard Simon in Toronto

FLEET AEROSPACE, the ailing Ontario-based commercial aircraft and defence components maker, has warned of rising losses and a credit crunch which may force it to sell its remaining US operations.

The company said it expected losses in fiscal 1990 of about C$32m (US$27m) after allowing for non-recurring write-offs, severance packages, start-up costs on newprogrammes and cost adjustments to some older ones.

Fleet suffered a C$23.5m loss for the nine months to June 30, including C$20.1m on the sale of operations and the writedown of investments.

The performance of its US operations in recent years and tightening bank credit in the US have complicated efforts to refinance Aeronca, whose plants in Ohio and California make components for aircraft centred on its expertise in metal bonding and lightweight panels.

Fleet said preliminary talks were taking place with several potential partners in Aeronca, but if a refinancing arrangement could not be worked out within the next few months it might sell its remaining US interests.

Fleet has unloaded a number of businesses, including some in the US, over the past year as part of its financial restructuring and in an effort to switch its emphasis from military to commercial aerospace.

It has failed to pay preferred dividends for the past year, and its share price has plummeted from more than C$14 to C$1.65 in less than four years. The company's driving force, Mr George Dragone, quit as chairman and chief executive last August.

Fleet said its order backlog remained strong. About C$35m in new contracts has been secured in recent months. With options, the ultimate value of these new programmes could exceed C$200m over the next 10 years.

Phelan to join Merrill Lynch board

By Patrick Harverson in New York

MR JOHN PHELAN, the outgoing chairman of the New York Stock Exchange, is to join the board of Merrill Lynch, the Wall Street securities house announced yesterday.

Mr Phelan, who announced his retirement from the NYSE in February, will join Merrill Lynch on January 1.

Mr William Schreyer, the group chairman, said that Mr Phelan's "extensive experience and expertise in the global financial markets . . . will be an asset to our board."

Merrill Lynch has for long been the largest securities house in the US, with equity capital in 1989 worth $3.15bn.

Mr Phelan has been with the NYSE for 15 years, the last six-and-a-half as chairman and chief executive. He guided the exchange through the turbulent days of the stock market crash of October 1987 and the mini-crash of 1988, and has battled to protect the exchange's position as the leading market for trading shares in the face of opposition from electronic, screen-based markets and calls for an end to the auction-based system of dealing.

Mr Phelan already sits on the boards of several US institutions, including Metropolitan Life Insurance and Eastman Kodak.

He is also a member of the President's Advisory Committee on Trade Policy and Negotiations, and is due to become president of the International Federation of Stock Exchanges next year.

Mr William Donaldson will take over as chairman of the NYSE in January.

Engen to invest R670m in refinery expansion

By Philip Gawith in Johannesburg

ENGEN, the integrated energy arm of the Gencor group, has announced a R670m ($265m) expansion of its Durban-based Genref refinery, starting next year.

This represents the first phase of a five-year scheme aimed at making Genref a world class refinery with considerable additional capacity. It is also aimed at giving Engen the edge over its competitors in terms of pollution reduction and product quality.

The first phase of the project will expand the refinery by about 30 per cent, said Mr Bernard Smith, chairman. He added: "At the same time, the gasoline and diesel yields will improve by about 2 per cent and, importantly, air, water and noise pollution as well as reduced energy consumption have been addressed."

The expansion should be complete by the third quarter of 1992. It will produce the sales volumes of Trek, a chain of service stations, while accommodating growth at Mobil and Sonap, the other marketing arms of Engen, and in the export market.

Mr Smith said the R670m could be financed out of retained earnings and borrowings, but added that consideration was being given to a possible rights issue.

Inland Steel to close division

INLAND Steel Industries, the fourth largest US integrated steelmaker, is to close its bar and structural division because it is not profitable, Reuter reports.

Inland said 325 workers will be affected. It added that the cost of the shutdown had been previously accounted for.

The company said increased supplies from low-cost producers had pushed Inland Bar into the red.

Operating income rises at Wickes Companies

By Karen Zagor in New York

WICKES Companies, the diversified automotive and home furnishing company taken private in a $2.7bn buy-out deal with Blackstone Capital Partners and Wasserstein Perella Partners in 1988, yesterday reported third-quarter operating income of $24.4m on sales of $651.8m.

This compares with $10.7m on sales of $746.9m a year earlier. Last year's operating income includes restructuring costs of $7.3m.

Wickes' results were distorted by extraordinary items. For the three months to October 27, the California-based company turned in a net loss of $41.7m, compared with net income of $161.1m a year ago.

The company's loss before extraordinary items was $49.8m in the 1990 quarter, against income of $120m in 1989.

Wickes said its pre-tax loss from continuing operations was $34.6m in the latest quarter, compared with a loss of $28.3m a year earlier.

It said yesterday that its directors had authorised spending up to $150m to repurchase outstanding publicly-traded debt.

Wickes repurchased $46.6m of debt in the first nine months of this year.

For the first three quarters of 1990, Wickes had operating income of $73.7m on sales of $2.03bn, against $44.7m on sales of $2.32bn last time.

INTERNATIONAL COMPANIES AND FINANCE

Princely hong prepares for battle

John Elliott on Jardine Matheson's threat to delist from Hong Kong

JARDINE Matheson, Hong Kong's most princely "hong", or trading company, has done it again. Eight years after it shook the foundations of the colony's business community in 1984 by announcing it was moving its legal domicile to Bermuda, it has broken ranks again by threatening to cancel its listing on Hong Kong's stock exchange.

The threat is real and the chances are that Mr Henry Keswick, the London-based head of the controlling Scottish family, will carry it out before long, unless a compromise is reached with the Hong Kong government allowing it to move its primary listing to London. (It already has a secondary listing there.)

Mr Keswick's aim is to maintain as much family control as possible over the property-to-hotels and retailing group, and in the longer term to protect it from takeover by Peking's Communist government after the colony returns to Chinese sovereignty in 1997. He is determined to avoid a repetition of events in 1949 when Jardine was driven out of Shanghai by punitive government laws on labour, taxation and other issues, losing virtually everything.

Although it has not been admitted publicly, Mr Keswick is also believed to be prepared to delist in order to insulate the group from a possible takeover bid by local Hong Kong Chinese tycoons after 1997. An earlier such takeover attempt was fought off in 1988.

Analysts also believe that the Keswicks want, in the short term, to stop themselves being controlled by Hong Kong's takeover code so that they could maximise their family's gains from any change in the group's structure or ownership. Some suggest they may want this freedom so they can enlarge their 33 per cent holding in their main offshoot, Hongkong Land, at current low property market prices.

Jardine is heavily diversified outside Hong Kong, which contributed only about half its US$195m after-tax profits last year. But it is not alone in its wish to insure against the future. Other leading Hong Kong companies are pursuing less aggressive paths. The Hongkong and Shanghai Banking Corporation, for example, has been trying to shift its base by arranging a merger, now apparently on ice, with the Midland Bank of the UK.

Virtually all companies opening a new listing on the Hong Kong exchange now establish overseas domiciles at the same time. They account for 30 to 40 of a total of 90 to

Mr Keswick's aim is to protect the group from takeover by Peking's Communist government after the colony returns to Chinese sovereignty in 1997.

100 companies which have followed Jardine by setting up domicile overseas, mostly in Bermuda and the Cayman Islands.

"Jardine wants to be regulated by London after 1997," Mr Greg Terry, Jardine's counsel said in a weekend interview, illustrating how the company has sharpened the focus of its campaign from a broad-based attack on alleged over-regulation in Hong Kong launched earlier this year.

"We say we don't want Hong Kong control of our international assets, but we really mean that we do not want corporate governance – that is control of our shares – by the Hong Kong regulatory market."

This clarifies a speech made by Mr Terry at the end of last week when he warned: "The logical consequence of the moves which began in 1984 of companies to re-domicile themselves abroad is eventual delisting from the market."

The immediate aim is to try to persuade Hong Kong to create a special category of "exempt listings" for leading companies that meet three criteria: overseas incorporation; overseas listings on, and full regulation by, a recognised exchange; shareholders' funds over HK$4bn (US$513.4m) or after-tax profits in excess of HK$400m. Companies meeting these criteria would be exempt from Hong Kong securities regulations.

The stock exchange is already considering such an exemption for major multinationals based elsewhere, to encourage them to take up secondary listings in Hong Kong.

About six existing Hong Kong quoted companies with domiciles and primary listings abroad would also qualify, including Mr Rupert Murdoch's News International, Cable and Wireless of the UK and the United Overseas Bank of Singapore.

Next year the exchange is also to consider reducing listing requirements for the colony's top 20 companies.

The authorities are aware that the high proportion of foreign incorporations is raising problems of control not experienced by other stock exchanges. This is especially relevant on the borderlines of company law and securities regulation.

Jardine has claimed that Hong Kong's present or planned rules on matters such as disclosure of information, insider dealing, takeovers and share buy-backs, eat into company law areas properly exercised by countries of domicile.

Behind its arguments lies a complex debate about overlapping companies' and securities' legislation and the amount of stock exchange law that is required in Hong Kong. Striking a specially controversial note, Jardine has accused Hong Kong's authorities of trying to exercise extra-territoriality over domicile havens such as Bermuda.

Some of the detailed complaints are being ironed out. For example, powers for the colony's financial secretary unilaterally to freeze shares and dividends (which Jardine says would be intolerable after 1997) are being watered down. Share buy-backs are also allowed.

These compromises remove some of Jardine's ammunition, but they do not affect its basic aim of cutting loose, and it is also unlikely to be impressed by the exchange's idea of relaxing some restrictions because of its primary aim of being controlled in London.

Hong Kong officials object to

History may show that Jardine is ahead of its time, but for now the general Hong Kong view is that the Keswicks are engaged in personal pleading.

the London idea because, they say, the bulk of Jardine's shareholders and share dealings (unlike those of either IBM or News International) are in Hong Kong. Jardine says these points are unprovable and may be inaccurate.

A more important criticism is that shifting to London would enable Jardine to escape takeover and disclosure requirements because London does not have rules controlling foreign incorporated companies, while Bermuda, where it is domiciled, does not have securities legislation. Jardine says it is prepared to discuss how to plug these loopholes.

So far, Jardine has found little support in Hong Kong for its campaign. Senior Securities and Futures Commission officials have condemned the Keswick family for leading the campaign from London through close high-level contacts in the Conservative Party.

Bell Group tumbles A$672m

By Kevin Brown in Sydney

BELL Group, a 74.5 per cent subsidiary of Bond Corporation, yesterday announced a loss of A$672m (US$520.9m) for the 15 months to October 5, compared with a loss of A$272m for the year to June 1989. Revenue fell to A$383m from A$2.1bn.

Bond Corporation, formerly the quoted flagship of Mr Alan Bond, lost A$2.2bn for the 12 months to end-June, the biggest corporate loss in Australian history.

Bell Group owns the West Australian, a profitable morning newspaper in Perth, a 39 per cent stake in Bell Resources, an independently managed 58 per cent subsidiary of Bond Corporation, and a 27.9 per cent stake in J.N. Taylor Holdings, another Bond Corporation subsidiary.

Bell Group said its publishing division made a profit of A$38.9m before interest leasing charges and tax. However, the directors wrote down the value of the division's newspaper titles from A$387m to A$150m to reflect "the current depressed economic climate."

Bell Group is seeking to dispose of its publishing interests, which include several rural newspapers. Mr Robert Maxwell, the UK newspaper proprietor, has made several attempts to acquire the West Australian, but faces opposition from the Australian federal government.

Bell Group said it had written off A$389m against a 39 per cent investment in Bell Resources, which recently acquired Bond's brewing division in a joint venture with Lion Nathan of New Zealand. The holding is being held as security by Westpac Banking Corporation.

Bell Group also wrote off A$43m against bad debts and A$71m against other investments.

In common with Bond Corporation, Bell Group is negotiating with its banks and convertible bondholders to restructure debt. Bond Corporation is negotiating a scheme of arrangement under which creditors will acquire more than 90 per cent of the company's shares in a debt for equity swap.

Koor back in black after three years

By Judy Maltz in Jerusalem

ISRAEL'S troubled Koor conglomerate has reported its first three-month net profit in nearly three years. In the third quarter of 1990, it earned Shk10.4m (US$5m), after losing US$87m in the corresponding period last year.

Koor's losses in the first nine months of the year were down markedly at $32m, compared with $177m for the 1989 period.

The company attributed the improvement to overall efficiency measures as well as a particularly sharp upturn in the results of its building inputs' subsidiaries. Israel's construction industry has enjoyed a turnround since a massive wave of Soviet immigration started a year ago.

The main cause of its losses in the nine-month period was its electronics subsidiary, Tadiran, which has been hit badly by a downturn in the international military equipment market. Tadiran is Koor's largest subsidiary, responsible for about half its turnover.

The company said that if Tadiran's losses had been deducted, Koor would have earned net profits of $1m in the first nine months and $10m in the third quarter.

In operational terms, Koor earned $66m in the January-September period against $11m in the corresponding period last year. Its sales were virtually unchanged in this period at $1.8bn.

The country's largest industrial conglomerate, Koor adopted a wide-ranging turnround programme two years ago, which involved mass job cuts and the sale of numerous assets. These measures were prompted by a liquidation suit filed by Bankers Trust after Koor failed to repay a $20m loan to the New York bank.

Koor, which is controlled by the giant Histadrut labour federation, owes local and foreign banks and bondholders some $1.5bn. The company reached a debt repayment agreement with its creditors in February, but it has yet to be signed.

Under the terms of this agreement, Tadiran will be managed separately from the rest of the conglomerate and will no longer appear in its balance sheet.

Koor is also awaiting approval for a $100m government loan guarantee.

UBS shrugs off poor trading conditions

By Philip Gawith in Johannesburg

UBS HOLDINGS, South Africa's largest building society, overcame deteriorating economic circumstances to record a 21.5 per cent increase in attributable earnings to R95m ($36m) from R78m in the six months to end-September.

Operating expenditure rose by 31 per cent to R299m, reflecting the costs of expanding its activities into the banking sector.

This was offset, however, by a 23 per cent increase in the net interest margin to R373.5m from R304.3m. Other operating income was also higher at R65m, compared with R49.5m.

Total assets rose nearly 18 per cent to R16.87bn while growth in advances, at 14 per cent, was close to the Reserve Bank's desired target for banks and building societies of credit extension growing at about 1 per cent per month.

Mr Piet Badenhorst, chief executive, said in a statement, that UBS, the best capitalised institution in the banking sector, was well positioned to comply with the stricter capital adequacy requirements which come into effect next year in terms of the new Deposit Taking Institutions Act.

He said the bank anticipated maintaining earnings levels despited the outlook of continued difficult trading conditions.

Earnings per share increased to 39.4 cents from 32.7 cents and the dividend was lifted to 14 cents per share from 12.5 cents.

Jafco investments plan

By Charles Batchelor

JAPAN Associated Finance (Jafco), the largest Japanese venture capital group, plans to more than double the scale of its investments outside Japan over the next few years.

Jafco has £30m ($57m) of its £648m portfolio invested in a total of 55 foreign companies but wants to increase overseas investments to 10 per cent, or around £65m, Mr Kunio Takai, Jafco president, said at a London briefing. A priority is to set up a joint venture company in Indonesia, but a large part of new overseas investment will be in Europe. Jafco has £10.5m invested in 12 companies in Europe.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday December 3,1990 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	51.7196	34.1652	38.4689
Albania	(Lek)	10.0879	5.2568	3.4725	3.91
Algeria	(Dinar)	18.3468	9.5606	6.3155	7.1111
Andorra	(Fr Fr)	9.8150	5.1146	3.3786	3.8042
	(Sp Peseta)	183.95	95.8572	63.3218	71.2984
Angola	(Kwanza)	59.4215	30.9648	20.4549	23.0315
Antigua	(E Carr $)	5.21	2.7149	1.7934	2.0193
Argentina	(Austral)	9870.75	5143.69	3397.85	3825.87
Aruba	(Florin)	3.4565	1.79	1.1898	1.3397
Australia	(Aus $)	2.4880	1.2965	0.8564	0.9643
Austria	(Schilling)	20.395	10.6227	7.0172	7.9011
[illegible]					
Fr. Pacific Is	(CFP Fr)	177.31	92.397	61.0361	68.7248
Gabon	(CFA Fr)	490.75	255.732	168.933	190.213
Gambia	(Dalasi)	14.60	7.6081	5.0258	5.6589
Germany	(D-Mark)	2.9050	1.5138	1	1.1259
Ghana	(Cedi)	666.15	347.134	229.312	258.198
Gibraltar	(Gib £)	1.00	0.5211	0.3442	0.3875
Greece	(Drachma)	298.63	155.618	102.799	115.748
Greenland	(Danish Krone)	11.1050	5.7868	3.8227	4.3042
Grenada	(E Carr $)	5.21	2.7149	1.7934	2.0193
Guadaloupe	(Local Fr)	9.8150	5.1146	3.3786	3.8042
Guam	(US $)	1.9190	1	0.6605	0.7437
Guatemala	(Quetzal)	9.9795	5.2003	3.4352	3.868
[illegible]					
N'nd Antilles	(A/Guilder)	3.4565	1.8011	1.1898	1.3397
New Zealand	(NZ $)	3.1495	1.6412	1.0841	1.2207
Nicaragua	(Cordoba)	3572350.0	1861569	1229725	1384632
Niger Rep	(CFA Fr)	490.75	255.732	168.933	190.213
Nigeria	(Naira)	16.6945	8.6995	5.7468	6.4707
Norway	(Nor. Krone)	11.3225	5.9002	3.8975	4.3885
Oman	(Rial Omani)	0.7476	0.3895	0.2573	0.2897
Pakistan	(Pak. Rupee)	41.96	21.8655	14.444	16.2635
Panama	(Balboa)	1.9190	1	0.6605	0.7437
Papua New Guinea	(Kina)	1.8242	0.9505	0.6279	0.707
Paraguay	(Guarani)	2347.25	1223.16	808.003	909.787
Peru	(Inti)	838795.0	437100	288742	325114
Philippines	(Peso)	52.16	27.1808	17.9552	20.217
Pitcairn Is	(£ Sterling)	1.00	0.5211	0.3442	0.3875
	(NZ $)	3.1495	1.6412	1.0841	1.2207
Poland	(Zloty)	18712.0	9750.91	6441.31	7252.71
Portugal	(Escudo)	255.10	132.934	87.8141	98.8739
Puerto Rico	(US $)	1.9190	1	0.6605	0.7437
[illegible]					
Virgin Is-US	(US $)	1.9190	1	0.6605	0.7437
Western Samoa	(Tala)	4.3648	2.2745	1.5025	1.6917
Yemen	(Rial)	23.26	12.1208	8.0068	9.0155
Yemen PDR	(Dinar)	0.8902	0.4638	0.3064	0.345
Yugoslavia	(Dinar)	20.5352	10.7009	7.0689	7.9593
Zaire Rep	(Zaire)	1428.0	744.138	491.566	553.488
Zambia	(Kwacha)	84.35	43.9551	29.0361	32.6937
Zimbabwe	($)	4.9800	2.5951	1.7142	1.9302

Special Drawing Rights November 30 United Kingdom £0.736511 United States $1.42677 Germany D Mark 2.14729 Japan Yen190.260
European Currency Unit Rates December 3 United Kingdom £0.705120 United States $1.36018 Germany D Mark 2.04911 Japan Yen182.876

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;$Kuwait Dinar unavailable.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday December 3,1990

INTERNATIONAL CAPITAL MARKETS

Bunds open sharply higher on post-election relief

By Simon London in London and Patrick Harverson in New York

GERMAN government bonds opened sharply higher yesterday in response to the results of the first pan-German elections since reunification, although prices faded later as economic uncertainties and profit-taking reasserted themselves.

On the futures market, the key December bund futures contract opened at 83.35 and traded up to 83.71 before falling back to 83.24 by the close.

On the cash market, the benchmark 8¾ per cent 10-year bund closed at 98.05, for a yield of 8.795 per cent, against a close of 97.65 on Friday.

Analysts noted some relief in the market that the political landscape was not greatly changed by the election.

However, the success of the liberal Free Democratic Party (FDP) in the elections has raised questions about the coalition government's future fiscal policy.

The FDP is opposed to higher taxes to finance German reunification, and has proposed measures to make the eastern part of the country a low-tax zone.

Analysts suggest that such policies would place the burden of reunification on the shoulders of the bond market, raising the prospects of still greater government bond issuance next year to finance reunification.

The resignation of Herr Helmut Haussman, economics minister, yesterday was not taken as a negative sign. Speculation that Count Otto Lambsdorf, veteran liberal politician, might take Herr Haussman's place in the cabinet was seen as broadly positive.

Today, the Bundesbank is meeting a consortium of banks prior to the launch of a new bund issue later this week. The market is expecting a 10-year issue in the region of DM6bn, with a coupon of around 8¾ per cent.

■US Treasuries remained in positive mood yesterday. Bond prices at the long end were buoyed by hopes of a peaceful resolution to the Gulf crisis and fresh evidence of slowing domestic economic activity and sustained the overnight gains seen on foreign markets.

At the close, the key 30-year issue was off its highs for the day but still $\frac{7}{32}$ higher at 104¼, to yield 8.353 per cent. The rise in the long bond had earlier pushed the yield down to 8.337 per cent, a level not seen since Iraq invaded Kuwait on August 2. At the short end, the two-year bond was unchanged at 99$\frac{31}{32}$, yielding 7.512 per cent.

Before the opening, demand for government issues abroad had risen following Saddam Hussein's acceptance at the weekend of President Bush's offer on Friday of high-level peace talks, a development that raised hopes that war might be avoided in the Gulf.

The fact that domestic demand followed up the foreign buying was primarily due to more gloomy economic news in the shape of the purchasing managers' index for November, which showed a larger than expected fall from 43.4 per cent in October to 41.3 per cent.

The index, which now stands at its lowest point since November 1982 – which was regarded as the trough of the last US recession - is one of the best economic indicators available. Yesterday's data revealed a particularly weak industrial sector, and any headline figure below 44 per cent is generally seen as an indication that gross national product is falling.

Fed funds traded in a narrow range before ending at 7¼ per cent, slightly easier after the three-day system repurchase agreements arranged by the Federal Reserve at 11.30am when the rate was 7$\frac{5}{16}$.

■JAPANESE government bonds opened sharply higher in Tokyo, buoyed by the US government's offer of peace talks to resolve the Gulf crisis, which came too late to move prices on Friday.

The key government bond issue No 119 opened on a yield of 7.32 per cent and closed almost unchanged, against 7.42 per cent at Friday's close.

However, prices fell away in London trading as the current weakness of the yen against the dollar depressed sentiment. The 119 was trading on a yield of 7.36 per cent in late afternoon trading.

■UK government bonds closed slightly higher on the day, although sentiment was depressed by the poor performance of sterling on the foreign exchange markets, with the currency falling below DM2.90 at one stage before recovering to close slightly above this level.

The benchmark 11¾ per cent gilt, maturing 2003/2007, closed at 106¾ for a yield of 10.78 per cent, having opened at 106$\frac{5}{8}$.

■STAATSBANK Berlin is issuing a total of DM3bn of floating-rate notes due 1994 paying interest linked to the Frankfurt interbank offered rate, lead manager Bayerische Hypotheken und Wechsel Bank said, Reuter reports.

The first tranche is for DM1.5bn, pays six-month Fibor plus five basis points and is priced at 100.09. The second tranche, also for DM1.5bn, pays three-month Fibor plus five points, and is priced at 100.14.

Fees are undisclosed. The notes have been preplaced. They are guaranteed by the Bonn government.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-20	-	11.19	11.08	11.63
		9.000	03/00	90-05	+03/32	10.69	10.75	11.25
		9.000	10/08	88-27	+02/32	10.38	10.46	10.98
US TREASURY *		8.500	11/00	101-27	+8/32	8.22	8.33	8.54
		8.750	08/20	104-07	+13/32	8.35	8.50	8.67
JAPAN	No 119	4.800	06/99	88.5198	+0.409	7.37	7.44	7.74
	No 129	6.400	03/00	96.4304	+0.667	7.03	7.13	7.43
GERMANY		9.000	10/00	101.2500	+0.150	8.80	8.81	8.98
FRANCE	BTAN	9.000	11/95	96.8770	+0.183	10.08	10.13	10.16
	OAT	8.500	03/00	91.3100	+0.370	9.96	10.07	10.24
CANADA *		10.500	03/01	99.9000	+0.300	10.51	10.55	10.89
NETHERLANDS		9.250	11/00	101.2100	+0.230	9.06	9.07	9.15
AUSTRALIA		13.000	07/00	104.9896	+0.749	12.10	12.20	13.26
BELGIUM		10.000	08/00	100.3500	+0.400	9.69	9.74	9.88

London closing, *New York closing
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	100¼	100¾	+¼	8.65
ALBERTA PROVINCE 9 3/8 95	600	102¾	103	+¼	8.65
AUSTRIA 8 1/2 00	400	96¾	97⅛	+⅛	9.03
BANK OF TOKYO 8 3/8 96	100	96¾	97⅛	+¼	9.12
BELGIUM 9 1/8 92	400	101⅛	101⅜	+⅛	8.23
BFCE 7 3/4 97	150	95	95⅜	+¼	8.81
BNP 8 5/8 94	300	100⅛	100⅝	+¼	8.44
BP CAPITAL 9 5/8 93	150	101⅛	102⅛		8.66
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	93	94		9.61
KREDIETCORP 7 93 LFr	1000	93⅛	94⅛		9.67
WORLD BANK 8 96 LFr	1000	93⅛	94⅛		9.61
AMRO BANK 6 1/4 92 Fl	150	94⅝	95⅛		9.79
RABOBANK 5 3/4 93 Fl	150	92⅛	93		9.73
ALBERTA PROVINCE 10 92 C$	500	97⅞	98⅛	+⅛	11.42
BCE INC 9 5/8 93 C$	300	95⅛	96⅛		11.69
BELL CANADA 10 5/8 99 C$	150	94	94⅞	+⅛	11.74
[illegible]					

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Most investors 'still rely heavily on rating agencies'

By Stephen Fidler, Euromarkets Correspondent

A SURVEY of the sterling commercial paper market, published today, shows that few investors undertake detailed credit analysis of the paper they buy, even in the current depressed economic environment.

Most rely heavily on the credit rating agencies. Some 79 per cent of investors hold credit ratings to be the most important factor in making an investment decision, little changed from the findings of a similar survey three years ago.

However, the percentage of investors buying on the basis of name recognition of the issuer has dropped significantly in three years, from 71 per cent to 43 per cent.

This suggests increasing caution among investors in a weaker economy, as does the rise in the proportion of investors concerned about the industry sector of the issuer: 24 per cent compared with 10 per cent three years ago.

However, the survey, conducted by Midland Montagu Commercial Paper with FT Business Information, shows 48 per cent of current investors would buy commercial paper carrying no credit rating, while 52 per cent would only buy rated paper.

Rated paper tends to be much more liquid. Some 99 per cent of current investors have individual limits in place for rated paper, while limits are much higher for rated paper.

Only 22 per cent of investors insist on formal credit ratings from more than one agency.

Standard & Poor's is slightly more widely accepted among investors than Moody's Investors Service.

IBCA – the London-based rating agency – is making ground among institutional investors, 20 per cent of whom use its ratings.

The survey shows that corporate buyers continue to dominate the sterling commercial paper market, as they did in 1987. But institutional investors have been an important source of growth since 1987 and will continue to be, according to the survey.

Some 76 per cent of non-corporate respondents – institutions and building societies, when they are permitted to invest – intend to invest in such paper in future, compared with only 50 per cent of corporate respondents.

Investors see capital protection (72 per cent) and picking up higher yield (65 per cent) as the most important factors governing their decision to buy. Liquidity was important to 52 per cent of respondents.

Some 94 per cent of investors buy paper with the intention of holding it to maturity, although 40 per cent have at some point sold paper before maturity. Almost 70 per cent is sold to the dealer from which it was bought, and a further 16 per cent from other dealers.

Liquidity was rated as "very important" by 65 per cent of institutional investors and 45 per cent of corporate investors. Despite general satisfaction with the paper's liquidity, 62 per cent of respondents would like to see an active secondary market, and 75 per cent of non-corporate respondents.

Average dealing sizes in the market remain at about £3m.

The survey also suggests, on the basis of respondents' investment plans for the coming year, that the market – now with close to £6bn in outstanding paper – will grow steadily but not spectacularly.

However, current economic conditions are adversely affecting the market in two ways: companies have less liquidity to invest and doubts about corporate credit have led to a shift to quality. This has meant shrinking demand for unrated paper which has not always been matched by growing demand for rated paper.

Norway plans taxes on bonds and options

By Karen Fossli in Oslo

NORWAY'S minority Labour government is planning new taxes on bonds and options, with a top rate of 43 per cent.

The proposal, which is for general tax duties on profits and general rights of tax deductions on losses, will see the bond tax applied retrospectively from May 11 1990 and for options from January 1 1990.

Companies, not private investors, pay tax on bonds, and no taxes were imposed on options after trading was deregulated in May.

The finance ministry said that for insurance companies, banks, finance companies, brokers and marketmakers, bonds and options would be taxed according to their market value.

Changes in value during the year would be included in taxable income, whether or not a profit or loss had been realised. Other investors in bonds would be assessed for tax when they sold their investments.

For all options investors, tax assessments on unrealised profit or loss would be at ordinary tax rates, which are a maximum of 43 per cent in 1990 and 40.5 per cent in 1991.

The proposals have to be approved by the Storting, Norway's parliament, in which Labour commands 63 of the 165 seats.

French group turns to sterling

By Tracy Corrigan

COMPAGNIE Bancaire, the French financial services company, will again require substantial funding in the sterling bond market next year. Sterling financing is needed to fund Compagnie Bancaire's UK mortgage business, which is conducted through its subsidiary UCB Group.

As well as looking for opportunities to borrow, or swap into, sterling, Compagnie Bancaire plans to issue sterling mortgage-backed debt for the first time.

A £200m transaction, backed by mortgages originated by UCB, is planned for next year, according to Mr Michel le Gall, a director of Compagnie Bancaire.

Compagnie Bancaire this year launched a FFr1bn issue of consumer loan-backed bonds in the French market, one of a handful of asset-backed transactions to have emerged in France, since legislation laying the ground for securitisation was introduced at the end of 1988. Asset securitisation does not generally offer very attractive financing opportunities in France, and Compagnie Bancaire is not planning further asset-backed deals there. "It is a matter of cost. In the present circumstances, we think we can keep assets on the balance sheet and fund ourselves competitively in the bond markets," Mr le Gall says.

This year, Compagnie Bancaire has raised about FFr9bn in the international bond markets and more than FFr6bn in the French domestic market. The company's funding for this year is drawing to a close,

Like most other borrowers, Compagnie Bancaire has had to lower its funding target, as a result of worsening market conditions and poor swap opportunities

although there may be a final £100m to £150m deal before the end of the year, if an attractive opportunity arises.

The company expects to raise about FFr9bn again in the international bond market next year.

Compagnie Bancaire follows a strict policy of matching all its funding to assets, using swaps in the bond market or forward-rate agreements (FRAs) and other swap agreements in the money markets when necessary. For example, mortgages are indexed to a finance house base rate, which the treasury tries to recreate as accurately as possible when it borrows funds in the money market. The 12-strong treasury team is split between bond market, foreign currency and money market activities.

The company is one of the largest borrowers in the French money market, where its programme averages FFr3.5bn every month. The most important instrument is the certificate of deposit: Compagnie Bancaire has around FFr43bn of CDs outstanding in the French market.

On the business side, consumer lending, leasing and mortgage-lending have suffered little from the economic downturn, according to Mr le Gall, who says that commercial mortgages are "the one segment of activity under the cloud of a higher level of risk".

Meanwhile, he expects the fierce competition in the French mortgage market, which has until now kept rates artificially low, to subside. "All the banks are conscious that they cannot go on doing unprofitable business."

Like most other borrowers, Compagnie Bancaire has had to lower its funding target, as a result of worsening market conditions and poor swap opportunities.

Until August 1990, the company was able to borrow five-year funds at an all-in cost of ¼point below the sterling London interbank offered rate, and three-year funds are 15 basis points below Libor. Since then, the target has been adjusted to Libor flat.

Compagnie Bancaire also has a Euro medium-term note programme, under which it issued six times - for $100m - last month. The all-in cost here, too, was around Libor flat.

In the sterling certificate of deposits market, where Compagnie Bancaire has, with around £275m outstanding, about a 7 per cent market share, costs are broadly comparable. "Eurobonds no longer offer a cheaper form of financing," he says.

Although Compagnie Bancaire issues a wide range of instruments, the company also has provisions for six months of liquidity, so that it is not dependent on market conditions. It has stand-by committed lines which can be drawn at one or two days notice, but in practice are rarely touched.

French franc sector set for further issues

By Tracy Corrigan

The French franc sector, which has remained more consistently accessible than most during the Gulf crisis, provided the only activity.

Renault Credit, an arm of the French car manufacturer, launched a FFr800m three-year deal which will be added to an existing FFr700m of three-year bonds launched last June.

Further activity in the French market is expected before the week is out. Banks are competing for a mandate to lead-manage a deal for Société Nationale des Chemins de Fer Francais, the French national railway. SNCF, which carries a French state guarantee, is likely to offer FFr750m to FFr1bn of seven-year bonds, fungible with an outstanding FFr3bn issue. Such an issue would be among the largest benchmarks in the French market. Dealers say such a transaction, offering a high degree of liquidity at a preferred maturity, should attract strong investor demand.

Renault, a weaker credit, lacked these attractions. Although the first tranche was well received, demand has shifted further along the yield curve and retail interest has dwindled. However, the deal was helped by a strong French government bond market, and was quoted at less 1% bid, on full fees.

In the dollar sector, the Japanese government-guaranteed Export-Import Bank of Japan will offer a $300m issue of five-year bonds later today, via IBJ International. The spread is indicated at 46 to 48 basis points above the comparable US Treasury. Dealers say there is steady demand at the wider end of the spread.

The deal will be the largest Japanese government-guaranteed issue in the sector, which has suffered from poor liquidity in the past.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
FRENCH FRANCS						
Renault Credit Int.(a)♦	800	10½	101.05	1993	1⅜/⅞	BNP
US DOLLARS						
Yokohama Rubber(c)#	150	4½	100	1994	2¼/1½	Yamaichi Int.
Daiichi Chuo K'Kaisha(b)#♦	110	4½	100	1994	2¼/1½	Daiwa Europe
D-MARKS						
Tada Corp(d)#♦	50	5⅛	100	1994	2¼/1⅛	Commerzbank
Gastec Service(e)#♦	45	5⅛	100	1994	2¼/1½	Nomura Bk GmbH

★★Private placement. §Convertible. #With equity warrants. †Floating rate note. ♦Final terms. a) Fungible with existing FFr700mn deal launched June 1990. b) Coupon was indicated at 4⅞%. Exercise premium fixed at 2.62%. c) Coupon was indicated at 4⅞%. d) Coupon was indicated at 5¼%. e) Coupon was indicated at 5¼%. Exercise premium fixed at 2.5%.

Quadrex closes dealing unit with loss of 30 jobs

QUADREX Securities, the Eurobond dealing unit of Quadrex Holdings, is to close, with the loss of 30 jobs, writes Tracy Corrigan.

Other Eurobond dealers said the firm was not a leading force in the market.

Mr Gary Klesch, head of the Quadrex group, said the decision was prompted by lack of profitability as a result of low trading volume in secondary Eurobonds.

"The Eurobond market is not what it used to be," he observed.

He added that there would not be big cuts in other areas of the Quadrex group.

The Quadrex group includes the Martin Bierbaum Group.

European arm of CSFB opens office in Budapest

By Tracy Corrigan

FINANCIERE Credit Suisse First Boston, the European arm of the CS First Boston Group, has established a representative office in Budapest, and is creating a subsidiary, Credit Suisse First Boston Budapest.

The subsidiary will apply for a brokerage and full underwriting licence and is expected to open early next year.

The senior management is in place: Mr Janos Bartha, formerly of the National Bank of Hungary, has been appointed chief executive officer; Mr Luqman Arnold and Mr Stefan Ottrubay are both being transferred from CSFB in London.

The supervisory board of Credit Suisse First Boston Budapest will be chaired by Mr Hans-Joerg Rudloff, chairman and chief executive of Financière Credit Suisse First Boston.

He described the move as "the foundation for CSFB's long-term commitment to the promising development of the financial market of Hungary".

Also, the activities of Credit Suisse First Boston Securities have been transferred to Credit Suisse First Boston Ltd, the latest step in the reorganisation of the Credit Suisse First Boston group. The division of the two groups – broadly between fixed-rate and money market instruments – had developed for historical reasons.

Telefonica in Pta20bn deal

TELEFONICA, the Spanish telecommunications monopoly, yesterday launched a 15-year, zero-coupon bond issue valued at Pta20bn, AP-DJ reports from Madrid.

The offer is aimed at raising capital for the company's sweeping investment plans, expected to top Pta3,500bn over the next five years.

The offer, backed by Banco Bilbao-Vizcaya, Banco Santander, Banco Hispano Americano, the savings institution Caja de Madrid and Caja Postal, will be priced at par with a nominal value of Pta50,000 a share.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

		Monday December 3 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Nov 30 Index No.	Thu Nov 29 Index No.	Wed Nov 28 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (196)	726.02	+0.4	14.75	6.58	8.29	34.18	722.77	718.10	722.81	881.71
2	Building Materials (26)	990.02	−0.5	14.66	6.17	8.39	41.09	994.59	985.47	983.64	1058.61
3	Contracting, Construction (34)	1157.42	−0.5	16.23	6.95	8.00	59.48	1163.00	1159.44	1165.62	1407.28
4	Electricals (10)	1893.87	+1.3	14.82	7.11	8.26	99.22	1869.27	1877.26	1900.53	2522.94
5	Electronics (26)	1585.64	−0.5	10.64	5.42	12.79	60.29	1593.19	1578.20	1592.77	1904.85
6	Engineering-Aerospace (8)	389.63	+0.6	17.21	6.25	6.96	17.27	387.49	389.76	396.89	0.00
7	Engineering-General (48)	362.44	+0.9	15.94	7.06	7.58	18.02	359.18	358.05	359.76	0.00
8	Metals and Metal Forming (8)	408.54	+0.8	22.25	8.40	5.55	24.83	405.43	401.85	401.43	461.97
9	Motors (13)	288.13	+2.2	17.33	8.35	6.72	17.45	281.89	282.28	286.55	364.47
10	Other Industrial Materials (23)	1261.16	+1.3	13.39	6.50	8.63	62.04	1244.56	1230.38	1240.86	1695.96
21	CONSUMER GROUP (178)	1213.54	+0.7	10.12	4.24	12.28	35.49	1205.37	1203.39	1203.08	1293.07
22	Brewers and Distillers (22)	1529.40	+0.4	10.46	3.90	11.80	33.88	1522.98	1526.85	1529.53	1489.59
25	Food Manufacturing (19)	1009.67	+0.2	11.50	4.90	10.69	31.63	1007.75	1011.42	1016.36	1130.17
26	Food Retailing (16)	2261.23	+0.8	9.95	3.33	13.13	58.72	2242.20	2235.69	2219.56	2281.23
27	Health and Household (18)	2487.75	+1.9	7.15	3.05	16.59	59.14	2441.04	2433.54	2408.86	2639.99
29	Leisure (32)	1227.01	−0.7	12.44	5.42	9.78	44.64	1236.16	1232.60	1229.66	1610.24
31	Packaging & Paper (12)	517.18	+0.8	12.45	6.73	9.86	23.79	513.16	510.50	509.59	536.77
32	Publishing & Printing (13)	2985.52	+0.4	12.04	6.35	10.39	139.88	2973.87	2970.16	2973.53	3691.19
34	Stores (34)	811.76	+0.3	10.52	4.48	12.36	25.63	809.10	801.89	811.39	790.51
35	Textiles (12)	424.93	+0.8	13.71	8.35	9.36	26.32	421.48	428.43	430.99	517.19
40	OTHER GROUPS (105)	1008.09	+1.0	12.45	5.70	9.74	33.65	998.30	989.44	993.38	1153.86
41	Agencies (14)	888.82	+1.0	12.01	3.78	10.09	23.93	880.14	888.96	915.22	1528.58
42	Chemicals (24)	1058.40	+1.4	12.81	6.37	9.21	50.79	1044.00	1037.61	1049.29	1211.86
43	Conglomerates (13)	1299.51	+0.8	13.02	7.70	9.22	41.19	1289.55	1287.79	1307.14	1668.04
44	Transport (15)	1852.83	+1.4	13.87	5.51	8.89	72.05	1826.65	1824.39	1852.76	2267.77
46	Telephone Networks (3)	1176.00	+0.7	11.37	4.29	11.43	26.09	1168.27	1148.90	1138.23	1127.26
47	Water (10)	2154.36	+1.4	13.46	6.29	8.42	68.12	2123.64	2101.69	2105.15	0.00
48	Miscellaneous (26)	1552.89	+0.9	12.07	5.71	9.63	63.59	1539.59	1514.68	1504.82	1905.04
49	INDUSTRIAL GROUP (479)	1032.62	+0.7	11.86	5.21	10.35	35.60	1025.22	1020.15	1022.73	1160.13
51	Oil & Gas (21)	2363.74	−0.5	9.46	5.38	13.80	95.39	2376.16	2371.42	2365.57	2283.72
59	500 SHARE INDEX (500)	1141.66	+0.5	11.49	5.24	10.77	40.42	1135.69	1130.60	1131.81	1254.20
61	FINANCIAL GROUP (102)	726.30	+1.3	–	6.99	–	34.02	717.30	711.60	726.36	818.58
62	Banks (9)	767.89	+1.0	20.99	7.54	6.24	42.00	760.45	751.38	776.61	845.63
65	Insurance (Life) (7)	1326.78	+0.8	–	5.79	–	55.82	1316.40	1303.16	1312.09	1364.67
66	Insurance (Composite) (6)	641.09	+1.1	–	6.67	–	32.08	633.81	628.37	645.00	697.70
67	Insurance (Brokers) (8)	1002.50	+3.0	7.55	6.42	17.35	48.39	973.49	967.40	972.23	1138.30
68	Merchant Banks (7)	357.00	+0.9	5.43	5.76	24.55	14.24	353.70	353.92	355.12	467.29
69	Property (44)	979.64	+2.1	7.40	5.03	18.29	30.55	959.31	957.52	964.36	1197.02
70	Other Financial (21)	248.47	+0.7	11.20	7.30	11.31	13.00	246.65	247.35	249.58	321.11
71	Investment Trusts (70)	1011.35	+0.8	–	3.99	–	28.74	1002.98	1003.82	1008.05	1269.49
91	Overseas Traders (5)	1202.85	+2.0	11.87	7.68	10.08	70.90	1179.81	1180.81	1179.80	1473.76
99	ALL-SHARE INDEX (677)	1038.80	+0.6	–	5.41	–	38.48	1032.11	1027.16	1031.25	1150.51

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Year ago
FT-SE 100 SHARE INDEX♠	2162.7	+13.3	2169.6	2157.8	2149.4	2135.6	2144.3	2159.5	2151.9	2303.4

FIXED INTEREST

	PRICE INDICES	Mon Dec 3	Day's change %	Fri Nov 30	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	120.43	+0.01	120.42	–	10.71
2	5-15 years	128.52	+0.18	128.29	–	11.95
3	Over 15 years	130.43	+0.28	130.07	–	10.78
4	Irredeemables	145.65	−0.18	146.15	0.24	13.70
5	All stocks	127.81	+0.13	127.65	0.00	11.55
	Index-Linked					
6	Up to 5 years	157.75	−0.13	157.95	–	3.04
7	Over 5 years	144.29	−0.17	144.53	–	3.45
8	All stocks	145.18	−0.16	145.42	–	3.42
9	Debentures & Loans	103.05	−0.05	103.10	–	11.14
10	Preference	73.56	+0.08	73.50	–	6.44

	AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 3	Fri Nov 30	Year ago (approx.)
	British Government				
1	Low	5 years	9.52	9.51	10.35
2	Coupons	15 years	10.22	10.24	9.91
3		25 years	10.29	10.29	9.83
4	Medium	5 years	10.88	10.89	11.41
5	Coupons	15 years	10.62	10.66	10.32
6		25 years	10.50	10.53	9.96
7	High	5 years	11.02	11.02	11.54
8	Coupons	15 years	10.82	10.85	10.53
9		25 years	10.69	10.73	10.10
10	Irredeemables†		10.49	10.47	9.93
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	3.86	3.78	3.98
12	Inflation rate 5%	Over 5 yrs	4.18	4.17	3.69
13	Inflation rate 10%	Up to 5yrs	2.60	2.52	2.73
14	Inflation rate 10%	Over 5yrs	4.00	3.99	3.52
15	Debs &	5 years	12.62	12.70	12.96
16	Loans	15 years	12.42	12.45	12.39
17		25 years	12.22	12.22	12.03
18	Preference†		12.84	12.84	10.77

♠Opening index 2159.7; 9 am 2161.8; 10 am 2162.2; 11 am 2161.4; Noon 2166.6; 1 pm 2169.3; 2 pm 2168.5; 2.30 pm 2167.8; 3 pm 2168.1; 4.10 pm 2161.4; (a) 1.05pm (b) 8.43am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	35	28	23
Corporations, Dominion and Foreign Bonds	4	1	16
Industrials	384	208	954
Financial and Properties	196	68	482
Oils	15	35	41
Plantations	2	0	8
Mines	30	35	88
Others	93	28	85
Totals	759	403	1,697

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amt Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or −	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or −
[illegible]							

TRADITIONAL OPTIONS

- First Dealings Nov. 26
- Last Dealings Dec. 14
- Last Declarations March 7
- For settlement March 18

Calls in Laura Ashley, Brent Walker, Glencor, Monument Oil & Gas, Reiners and Telemetrix. Put in Brent Walker. Put and call in Rosehaugh.

For rate indications see end of London Share Service

LONDON TRADED OPTIONS

THE EQUITY futures market ended higher yesterday on hopes that the meetings between US and Iraqi leaders could avert military conflict in the Gulf. However, many dealers said the rally had lacked conviction and this was reflected in low turnover, particularly in traded options.

The December FT-SE 100 index began the day firmly on local buying and in reaction to the late advance in New York on Friday. Several times during the morning when the futures market reached a 32 point premium to the cash market, arbitrageurs sold futures and bought stock.

But the rally began to falter after futures were sold to hedge against a programme trade conducted in the stock market. Weakness in US stock futures contributed to the afternoon's easier tone and the December contract eventually closed at 2,196, up 23 points on the day, below its midday high of 2,203.

December's premium over the cash market widened to 35 points against 31 and compared with brokers' 15-point estimate of fair value.

In traded options, dealing was subdued, reflecting the reduced activity in the underlying market. Total turnover increased slightly to 22,234 contracts, with activity weighted towards calls.

The FT-SE options were popular, particularly the December 2,100 puts, which traded 2,921. A total of 7,337 FT-SE options changed hands, of which 4,669 were puts and 2,668 were calls. A bearish trade, reportedly involving the sale of 600 June 2,400 calls and the purchase of the same amount of June 2,000 puts, boosted turnover.

Euro FT-SE also featured, with trades in the January 2,325 calls and puts lifting activity. Among the stock options, a total of 1,916 British Gas lots changed hands, as sellers of the May 280 and 300 calls emerged.

Option		CALLS			PUTS		
[illegible]							

M&G hits £36m but slows in second half

By Richard Waters

M&G GROUP, the UK's largest unit trust company, saw a sharp slowdown in new business in the second half but still managed to report pre-tax profits up 19 per cent to £35.73m for the year to September 30.

In spite of the worse second half and uncertain prospects, M&G stuck to its earlier indication that it would raise the dividend significantly. The final pay-out is 9.5p (8p) taking the total to 17p (12.5p).

Unit trust sales in the second half fell to £227m, a third lower than the same period in 1989, reflecting the malaise that has affected the personal investment sector.

Over the year, net sales (after taking account of redemptions) totalled £104m, down from £276m the year before. New investment of £93m in personal equity plans in part made up for this.

The downturn in the equity markets this year also pushed down the value of M&G managed unit trust investment by £1bn to £3.7bn, further hitting income from management fees.

In spite of these factors, gross income from unit trust-related activities rose by £3m to just under £50m.

This was partly accounted for by new charges to customers for trustee and registrar services, said Mr Paddy Linaker, managing director.

It also reflected the fact that management fees were levied on the value of funds throughout the year, rather than the end, he said. Income from new sales fell by £3m, but management fees rose by £6m.

Profits from M&G's life assurance business rose faster, up by £1.3m to £6.5m. Annual premiums on life policies rose to £17m (£11m), but single premiums declined to £167m (£173m) after a good first half.

The other contributor to profits – interest and investment income – rose £1.6m to £7.1m, reflecting the group's policy of maintaining a large cash balance.

This is being reduced through investment in M&G's own unit trusts, reflecting both a belief that UK shares are undervalued, and that M&G's shareholders expect better earnings than are available simply by putting their cash in the bank, said Mr Linaker.

Commenting on the higher dividend, he said that M&G had urged companies in which it invested to pay higher dividends if they could afford them. The dividend cover of 1.9 times, though lower than last year's 2.2, was adequate for a well-capitalised business such as M&G, he said.

The share price reacted well to the news, bouncing up 15p from its lowest point for more than a year to 363p.

See Lex

Eurotunnel rights response awaited

By Andrew Taylor, Construction Correspondent

THE 3pm deadline for subscriptions to Eurotunnel's £530m rights issue passed yesterday with no clear guide as to the level of take up for the Channel tunnel issue.

Eurotunnel has more than 500,000 shareholders with about 400,000 of them in France, although the number of shares held is more evenly split between the two countries.

Financial institutions advising Eurotunnel said last night that it would take time to count all the response and that the final position would not be known until today at the earliest.

Eurotunnel was offering three new shares at 285p each for every five existing shares held. Eurotunnel's share price, which was 470p before the rights issue announcement, remained unchanged at 318p yesterday – still 33p above the offer price.

The issue, which is fully underwritten, is part of a programme to raise a further £2.6bn for the construction of the Channel tunnel which has risen in cost from £4.8bn to £7.6bn since 1987.

The bulk of the refinancing is to come from Eurotunnel's bankers who have already put up £5bn for the project and have now agreed to provide a further £2bn to cover the increased costs.

The response of existing and new shareholders to the issue has been difficult to determine in a project which will not open until 1993 and may not produce a dividend until towards the end of the century.

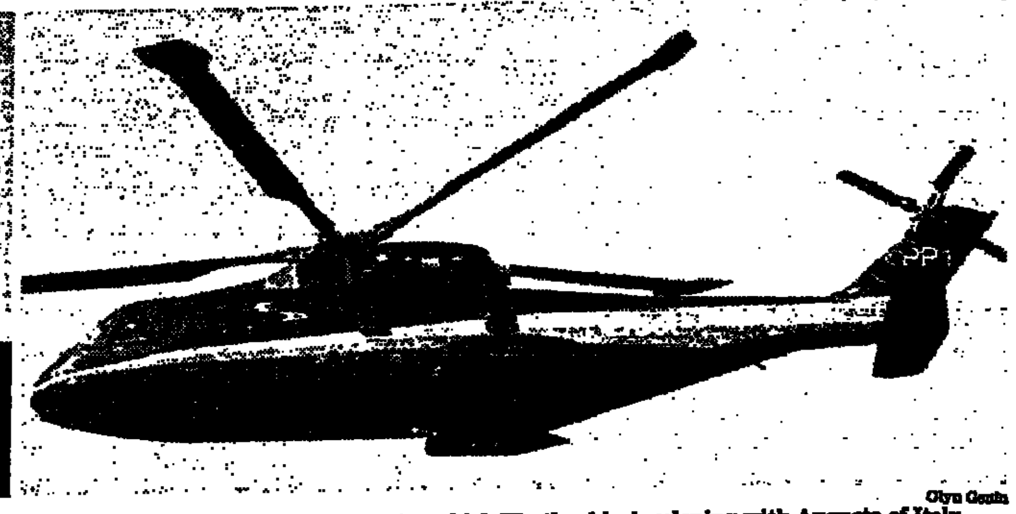
Confidence in the tunnel is likely to have been boosted by the historic breakthrough on Saturday of the British and French ends of the service tunnel which now stretches unbroken for 50km from Cheriton close to Folkestone on the Kent coast to Sangatte near Calais in northern France.

The two main railway tunnels are also largely completed. Both will be finished by next autumn.

Soaring to success, a revamped Westland

Paul Betts traces the helicopter group's remarkable revival since the 1986 troubles

Alan Jones: cutting costs



Glyn Genin

The EH101 anti-submarine helicopter which Westland is developing with Augusta of Italy

THE RESTRUCTURING of Westland has started to pay dividends, literally.

The Yeovil-based helicopter company announced yesterday the first increase in its annual payout to shareholders since it resumed paying a dividend three years ago. With a 27 per cent increase to £26.2m in pre-tax profits for its last financial year to September 28, Westland, whose financial problems provoked a Cabinet crisis in 1986, appears to be bucking the general trend in the troubled defence sector.

Although the UK helicopter company's future remains hostage to a number of key Ministry of Defence decisions during the next six months, the restructuring undertaken during the past 18 months is beginning to bear fruit.

The new mood of confidence was echoed yesterday by Mr Alan Jones, the Westland chief executive and former managing director of Plessey's UK defence businesses, who made it clear he wanted to see the company remain an independent aerospace group.

"We have now got this company into competitive shape. We have a sensible debt-to-equity ratio of 18 per cent and like Plessey we are a technology-led company," he said in his London office. Above all, Westland is no longer the vulnerable company it was four years ago when it was at the centre of the Cabinet crisis which led to the resignation of Mr Michael Heseltine, the then defence secretary.

Mr Jones has concentrated his energies on reducing costs and improving productivity during the past 18 months at the same time as developing the group's commercial aerospace business based on the Isle of Wight. The aerospace components operations involving new composites for commercial aircraft manufacturers has become the fastest growing sector of Westland's activities.

Annual turnover of the Isle of Wight operations are expected to top the £100m mark during the next few years from £59m last year, according to Mr Jones.

Even though the airline industry is entering a downturn, the Westland chief executive expects demand for new fuel efficient aircraft to remain strong. "We produce some of the components which help to reduce aircraft weight and thus fuel costs," he explained.

But the aerospace sector still accounts for only 14 per cent of Westland's overall activity. Another 26 per cent is accounted for the company's technologies and engineering products division in which the US Allied Signal group has a 48 per cent stake.

Mr Jones concedes that prospects are relatively flat in this division. The company's core helicopter activities, however, continue to provide 64 per cent of group annual sales of £411m and the bulk of operating profits.

Ever since the 1986 Westland crisis, there have been doubts whether the UK company could survive as an independent helicopter manufacturer. Competition in the western helicopter market is intense with four manufacturers in the US and another four, including Westland, in Europe.

Both France and Germany have been campaigning for a rationalisation of the European helicopter industry. But Mr Jones suggested yesterday that France had sought a rationalisation in which it would lead the industry, while Germany was now calling for European aerospace collaboration ventures with the Germans this time leading the projects.

Mr Jones believes Westland is now well positioned to compete in the helicopter market with its partnerships with Agusta of Italy and Sikorsky of the US. Westland is developing with Agusta the EH101 anti-submarine helicopter.

This £2bn development programme, including a series of versions for other military and civil applications, was originally due to come into production in 1988. But Mr Jones now expects the MoD and the Italian government to launch finally the production phase of the programme next year with an order of 50 helicopters for the Royal Navy and about 38 for the Italian navy.

At the same time, Westland is now expecting another important MoD decision next year for the British army's anti-tank helicopter replacement for the Lynx.

Westland has already negotiated licencing agreements with the two possible contenders for the army attack helicopter order including one with McDonnell Douglas for the AH-64 Apache (currently the army's favoured choice) and the Franco-German Tiger.

The selection process for the army's new helicopter has also been simplified by the decision last week to abandon the development of a rival light attack helicopter, the LAH, by Britain, the Netherlands, Italy and Spain.

The third prospect for Westland is a Saudi Arabian order for 88 Black Hawk tactical helicopters built by Westland on Sikorsky licence for Saudi Arabia under the British Aerospace led Al Yamamah arms contract.

If all these deals fall into place, Westland will finally have filled the yawning gap in its helicopter order book. The dearth of new orders for military helicopters were behind the original 1986 crisis at Westland since the Yeovil manufacturer was under pressure to find alternatives to replace the Sea King and Lynx helicopters which were coming to the end of their production runs.

The improvement at Westland and expectations of a further round of rationalisation in the helicopter industry has recently fuelled speculation of possible interest in Westland from British Aerospace.

Indeed, BAe has set up a study group to examine possible entry into the helicopter business and is bidding jointly with GEC for a MoD contract to takeover the project integration of the EH101 helicopter against Westland, which has teamed up with IBM, the US computer group.

This contract includes the integration of the electronics and weapons system of the EH101, whose airframe is being jointly developed by Westland and Agusta.

However, Mr Jones is not enthusiastic about a possible approach by BAe. "Westland will function better as an independent company in the world helicopter community. I can't see any logic in BAe trying to go for Westland," he said.

At the end of the day, however, the key to the future control of Westland could well lie in the hands of GKN, the UK engineering group with a 22 per cent stake in the helicopter company. A small, albeit symbolically important, increase in the dividend payout may not be sufficient to stop GKN being tempted should someone come up one day with an alluring offer for its Westland stake.

Lonrho may have bought Brent Walker bonds

By Maggie Urry

MR TINY ROWLAND or Lonrho, the international trading group he heads, is understood to be one of the new investors in Brent Walker's convertible bond issue. Mr Paul Spicer, a director of Lonrho, last night refused to comment.

Lonrho is believed to have put in £5m last week when Brent Walker, the leisure group, fell short of its £103.3m target for the issue. If all Brent Walker's convertible securities were converted to shares, Lonrho would have an equity stake of about 2 per cent.

The two companies know each other. Brent Walker has bought Lonrho's wines and spirits business and its eight British casinos in recent years.

The bond issue was a crucial part of the rescue refinancing package for Brent Walker, which has debts totalling more than £1.4bn. The issue closed only half an hour before the final deadline of midnight Friday, with £101.9m raised.

Two of the original placees, Tunis International Bank, a Tunisian consortium bank, and Citimet, an investment trust based in the Bahamas, had each pledged to put £10m into the issue but failed to produce the money by the original deadline of the afternoon of Tuesday last week.

They later put up some of their commitment, but there followed a scramble as Mr George Walker, chairman and chief executive of Brent Walker, and the company tried to find extra backers for the issue before the new deadline. Mr Walker himself put in an extra £2.2m on top of the £27.3m being invested by his family.

The bonds, which are convertible into Brent Walker shares at a price of 140p, were due to start trading yesterday. Brokers reported no business although a price of 76p was quoted, compared with the issue price of 100p . Brent Walker's shares closed at 87p yesterday, down 1p on the day after an initial rise.

Property and pensions surplus help Faber Prest

By Jane Fuller

FABER PREST, which recycles steel slag and operates in shipping services and vehicle sales, increased pre-tax profit to £4.83m in the first set of annual results since its September introduction to the main market.

The increase of 3.4 per cent, compared with £4.67m in the year to September 30 1989, came in spite of a turnover fall to £85.66m (£90.03m). The figures were helped by £462,000 from property sales and a near doubled pensions surplus of £668,000.

Mr Richard Prest, chairman and owner of about 10 per cent of the equity, said the main reason for the downturn in sales was the decline in commercial vehicle sales, part of the transport operation which is the smallest contributor to profit of the three divisions.

More than 60 per cent of profit comes from industrial services, notably the handling of steel slag. This increased operating profit by 23 per cent.

Mr Prest said there had been setbacks at an engineering subsidiary, where a factory had been closed, and at a business affected by a sharp fall in the price obtainable for ferro titanium. These negatives had, however, been partially offset by other one-off trading opportunities.

The ports operation had had a satisfactory year and was continuing to hold up well.

In car sales, the two Honda and one Vauxhall franchises had done comparatively well in a contracted market.

Mr Prest said that costs had continued to be cut and gearing had started to come down. In September it was 69 per cent compared with 71 per cent at the previous year end. Interest costs were £2.1m (£1.85m).

Earnings per share rose to 34.55p (32.47p). The proposed final dividend is 7.7p, as indicated in the prospectus.

The price of the thinly-traded shares stayed at 155p yesterday, compared with a high of 198p since the introduction.

Citizens Financial suffers fall in net income

By David Lascelles, Banking Editor

Citizens Financial, the New England banking subsidiary of the Royal Bank of Scotland Group, saw net income fall by 8.5 per cent in its latest financial year because of the worsening US banking environment.

The group earned $13.9m in the year to September 30, down from $15.2m in the previous year.

The result was struck after charging $6m to the group's equity portfolio, and a loan loss provision of $21m.

Mr George Graboys, president and chief executive, said: "The current operating environment is unfavourable for financial institutions in New England." He said unemployment was rising, loan demand was sluggish and real estate markets very weak.

However, he stressed that Citizens remained financially strong with an equity to assets ratio of 9.99 per cent. He added that the group faced the future "with a reasonable degree of confidence".

Quarto proposal

Quarto, the USM-quoted group with interests in publishing and production services, is to withdraw from magazine publishing in part because of the recession in advertising.

The money saved will be reallocated to the core businesses of book packaging and the production and marketing services division, both of which operate profitably.

UK COMPANY NEWS

Both divisions up as Alexon advances 14%

By Jane Fuller

ALEXON, the clothing retailer and manufacturer, increased pre-tax profits by 14 per cent in the first half, in spite of slower sales growth.

Taxable profits rose to £10.55m (£9.26m) while turnover advanced by 7 per cent to £80.69m (£75.44m) in the 26 weeks to September 29. The comparative figures were for 27 weeks.

The retailing side, Alexon, Dash and Eastex brands, saw operating profit advance by 12.5 per cent to £5.4m (£4.8m). Manufacturing, which makes almost all its profit through supplying Marks and Spencer, reached an operating figure of £3.9m (£3.7m).

Clothes imports from the Far East, principally for Dash, earned more profit in local currency terms, but the strength of the pound held the contribution to £700,000.

Alexon ladieswear, typically sold through department-store concessions, and Dash leisurewear (concessions and high street shops) showed like-for-like growth of between 13 and 19 per cent, said Mr Lawrence Snyder, chief executive.

With 20 outlets added in the first half, Dash accounted for 43 per cent of the group's shop space by September and first-half sales grew by a total of 30 per cent. Sales at Eastex (clothes for the older woman) shrank a little as loss-making outlets were closed prior to a relaunch in March.

All Dash's profit came from the ladieswear side, which has about 200 outlets. Menswear was coming close to break even, while childrenswear remained disappointing and was under review, according to Mr Peter Wiegand, chairman.

Alexon, aimed at more affluent women including the growing number in professions, had proved relatively recession-proof. The group had avoided both discounting and special offers.

In Claremont Garments, the manufacturing operation serving M and S, Alexon and Eastex, margins were improved by increased efficiency, particularly at the Glasgow factory and the in-house producer, and by some import growth for M and S.

Interest costs rose to £971,000 (£813,000) and Mr Wiegand said year-end gearing would be similar to the 19 per cent reported for last March.

The sale and leaseback of property earned a £1.5m (£905,000) exceptional profit and helped reduce the tax charge to 31 per cent. Fully diluted earnings per share rose by 18 per cent from 18.22p to 21.47p.

The interim dividend goes up to 6p (5p).

● COMMENT

By Alexon's standards this is a rather awkward year. M and S has reported sluggish growth in clothing sales and while Alexon and Dash are proving resilient, growth would obviously be quicker without the consumer spending squeeze. Eastex remains promising, but the benefit of the relaunch is not expected to show through until next year. In response to tougher conditions, the management is setting about cost cutting as if it were under a lot more pressure, which should further improve the already impressive margins. With Dash set for a stronger second half, the group is forecast to make between £23m and £24m this year, compared with £21.4m. A prospective p/e of about 10.5 on yesterday's close of 472p puts it at a discount to the stores sector, which it joined early this year, but at a considerable premium to the textile sector which it left behind. The value seems fair at the moment, however, it remains a good medium to long-term bet.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Allied Colloids, Cape, Compco, Courts (Furnishers), Drummond, Evans of Leeds, General Electric, In Shops, Mansfield Brewery, Morris Ashby, Norcos, Northern Invs, Porter Chadburn, Reed Executive, Siebe.

Finals- Bass, Chiltern Radio, Eldridge Pope, Holmes & Marchant, Sycamore, Tubular Edginton.

FUTURE DATES

Interims-	
Creighton Naturally	Dec. 9
Fleming Intl High Inc	Dec. 5
Gibbs Mew	Jan. 3
Joseph (Leopold)	Dec. 6
Seton Healthcare	Dec. 10
Sutherland	Dec. 11
Throgmorton Dual Trust	Dec. 6
UMECO	Dec. 7
United Industries	Dec. 7
Whitecroft	Dec. 10
Finals-	
API	Dec. 13
Abbey Panels	Dec. 20
Grainger Trust	Dec. 13
Johnson & Firth Brown	Dec.13

NEWS DIGEST

Two buys for £15m at Perkins

PERKINS FOODS has conditionally agreed to acquire Enkco, a Dutch manufacturer of frozen foods, and Fellside Foods, an English manufacturer of frozen sausages for a combined maximum consideration of £14.7m.

The initial consideration for Enkco will be Fl 24.3m (£7.4m) of which Fl 18.3m will be in cash and Fl 6m will be in DM convertible preference shares. Further consideration of up to Fl 2m will be payable dependent on future profits. Enkco has warranted pre-tax profits to December 31 1990 of not less than Fl 5m.

The initial consideration for Fellside is £3.8m, of which £0.6m will be in cash and £3.2m in DM convertible preference shares. Further consideration of up to £2.9m will be payable dependent on future profits. Fellside's pre-tax profits to August 31 1990 amounted to £0.9m.

The new DM convertible preference shares will carry a fixed dividend of DM0.0525 with conversion between January 31 1993 and and December 1998 at the rate of one ordinary share for every five DM convertible preference shares. At current exchange rates, this is equivalent to a conversion of 171p per ordinary share.

Redemption will be at DM1 per share on January 31 1999 for each new convertible share not converted at that date. It is not intended that any quotation will be sought for the new DM convertible preference shares.

European side helps Syltone to over £1m

Continuing growth in its European businesses offset weak home demand at Syltone, the transport engineering services group, in the half-year to September 30.

Taxable profits rose 13 per cent to £1.11m (£980,000) achieved on turnover ahead at £16.28m (£15.17m). The profit figure was helped by interest payable falling to £187,000 (£281,000).

Although sales in France, the Netherlands, Italy and Spain exceeded expectations, "general nervousness in the world economies" has recently led to shorter order books on the Continent. However, Syltone said that this was offset by an increase in the UK petrochemical sector.

Earnings improved to 8.2p (7.7p) and the interim dividend is lifted 50 per cent to 3p.

Tex tumbles to just £17,000

Tex Holdings, the plastic mouldings, engineering and wood board group, suffered a fall from £905,000 to just £17,000 in pre-tax profits for the six months to end-September.

Earnings fell to 0.3p (11.4p) and the interim dividend is passed (3p).

Mr Richard Burrows, chairman, said that the second half had begun profitably and added that, provided the improvement was maintained, the company would be in a position to consider a final payment – shareholders received an interim of 3p previously and a final of 7.5p.

Turnover rose from £9.61m to £11.3m. Profits from continuing activities fell to £252,000 (£905,000) while losses on discontinued operations accounted for £235,000 (nil).

Mr Burrows said the profits downturn reflected a serious drop in demand which had begun towards the end of last year and had continued throughout the opening half. The company had restructured to operate in the current economic environment.

Cadbury pays £12m for Portugal bottler

Cadbury Schweppes, the confectionery and soft drinks group, has acquired Fafil, a Portuguese bottler, for £12m cash, of which £10.6m was payable on the November 30 completion date. The balance is due in two payments six and 12 months after completion.

Fafil bottles the TriNaranjus still fruit drink brand which Cadbury acquired in October 1989 and the acquisition is a continuation of the UK company's strategy of becoming a full participant in the European soft drinks market.

Dominic Cadbury: continuing European expansion

Marina curbed by interest charges

A sharp rise in interest costs led to Marina Developments reporting a slight fall from £2.8m to £2.18m in taxable profits for the six months to September 30.

The USM-quoted developer and operator of marinas and waterside properties raised turnover by 34 per cent to £10.39m (£7.77m), but net interest payable accounted for £580,000 (£187,000 credit).

After tax of £457,000 (£1.04m) earnings per share were 10.5p (10.9p) and the interim dividend is again 5p.

Elga improves 13% to £304,000

Elga Group, the water purification and laboratory equipment company, lifted pre-tax profits 13 per cent from £268,000 to £304,000 and turnover 19 per cent from £5.87m to £7.01m in the six months to September 30.

Mr Peter Ryan, chairman, said he was pleased with the advances "against the gloomy background of the UK economy". They were achieved, he added, by a higher proportion of profits from service-based operations, from exports and the overseas operations.

Earnings improved to 2.05p (1.73p) and the interim dividend is raised to 0.6p (0.5p).

Chamberlin & Hill setback to £876,000

Chamberlin & Hill, the iron castings, electrical conduit fittings and switchgear group, reported pre-tax profits for the half year to September 30 down some 13 per cent to £876,000.

Mr John Eccles, chairman, said the slowdown in activity which was apparent earlier in the year continued during the first six months and the buoyancy in the economy had given way to a period of uncertainty and falling confidence in markets which the company served.

Turnover was little changed at £9.47m (£9.75m) but trading profits fell by 11 per cent to £920,000 (£1.04m). After tax of £307,000 (£356,000) earnings per share came out at 7.98p (9.32p) but the interim dividend is maintained at 1.75p.

Cranswick Mill up 27% to £553,000

Cranswick Mill Group, the USM-quoted animal feeds, pig marketing and pork products group, reported pre-tax profits ahead 27 per cent for the half year to September 29 with an improvement in margins.

The taxable figure was £553,000 (£434,000) while margins – pre-tax to sales – rose from 14 per cent to 15.7 per cent. Turnover showed a 14 per cent gain from £31.03m to £35.3m.

Mr Richard Marginson, chairman, said all divisions had performed well. Higher average pig prices benefited pig rearing and marketing activities while the fall in pig prices towards the end of the period had been beneficial for the meat processing activities.

Earnings were up from 4.2p to 5.2p per 10p share and the interim dividend is increased from 1.85p to 2p.

Poor outlook as Edbro dips to £0.3m

A continuing reduction in demand for tippers hit profits at Edbro, the Bolton-based hydraulic tipper, truck body and skip loader group.

The taxable outcome for the six months to September 30 fell to £300,000, against £2m in the same period of 1989. The company warned that poor trading conditions were likely to continue into 1991 and the outlook was "not encouraging".

Sales totalled £13.9m (£17.1m). Earnings dived to 0.1p (1.1p) per share and the interim dividend is cut from 3p to 1p.

Rolfe & Nolan 28% ahead

Rolfe & Nolan Computer Services, the USM-quoted futures and options computer bureau and software specialist, yesterday unveiled a 28 per cent improvement in interim pre-tax profits and plans to move to a full listing within the next two months.

From turnover 32 per cent ahead at £2.97m taxable profits for the half year to end-August improved from £517,000 to £661,000.

The interim dividend is lifted to 2.1p (1.6p) from earnings of 8p (6.4p) per 10p share.

Continental growth for European Colour

Expansion into Europe helped European Colour, the chemical colour maker formerly known as Horace Cory, increase interim pre-tax profits from £9,000 to £271,000. Profits for the previous 12 months had been £263,000.

Mr Henry Finchett, chairman, said that, as expected, expansion into Europe was beginning to bear fruit, compensating for sluggish trade in the UK.

Turnover for the six months to September 30 rose to £6.62m (£5.68m). Earnings per share came out at 0.58p (0.02p) and the dividend is being increased to 0.25p (0.2p).

Nav falls 22% at Dundee & London

The net asset value of Dundee & London Investment Trust stood at 249p as at October 31 – a decline of 22 per cent over the year.

Earnings per share for the 12 months emerged at 12.22p (10.7p) from net revenue ahead from £1.81m to £2.07m.

A recommended final dividend of 8.2p lifts the total for the year from 10.5p to 12p.

Europa Minerals loss at £576,000

Europa Minerals, a mining finance group, reported a pre-tax loss of £576,000 in the six months to July 31, compared with profits of £1.14m a year ago.

Although turnover rose from £1.31m to £4.44m, cost of sales showed a similar increase to £4.14m (£1.18m), while net interest payable rose to £249,000 (£110,000).

There was a tax credit of £389,000 (£74,000 charge) and minorities took £135,000 (nil). The loss per share was 0.9p (2.8p earnings).

UK COMPANY NEWS

Difficult conditions check progress at Dobson Park

By Andrew Bolger

DOBSON PARK Industries, the mining equipment, industrial electronics and toys group, yesterday attributed flat pre-tax profits to difficult conditions in its two main markets, the UK and US.

Turnover in the year to September 29 fell from £261.4m to £251.8m, but pre-tax profits rose slightly to £19.5m (£19.2m).

Earnings per share were 11.32p (12.09p). A recommended unchanged final dividend of 3.85p maintains the total for the year at 5.75p.

The workforce fell from 5,700 to 4,700 during the year and the group took an exceptional charge of £2.84m to cover the costs of redundancy and restructuring.

Net borrowings were substantially reduced during the year and gearing had been halved to 20 per cent by the year-end.

Mr Alan Kaye, chief executive, said the industrial electronics division had produced a sound performance with pre-tax profits of £8.1m (£7.3m). It was now the largest contributor to group profits, in spite of the adverse currency translation effects caused by the weak dollar.

The mining equipment division also performed well, in spite of a temporary reduction of sales volumes to the US. The group's reliance on mining equipment had fallen from more than 70 per cent of operating profits four years ago to 34 per cent last year and the eventual target is less than 25 per cent.

Dobson said the relocation of its Kango power tools business from Ealing to Peterborough had been successfully completed. The sale of the Ealing site contributed most of the group's profit from property and investment management of £2.1m (£871,000).

Although toys and plastics were able to maintain turnover at previous levels, the increasingly competitive markets, particularly in the US, squeezed margins.

Alan Kaye: falling reliance on mining equipment

● COMMENT

Last year was a tough one for Dobson Park and next year is unlikely to be any easier. However, the managers have stuck to their task, reducing manpower and strengthening the balance sheet. The immediate outlook is gloomy for toys, power tools and electronics, but mining equipment seems to have shrunk to a fairly dependable core level. Forecast pre-tax profits of £18.5m would give earnings of 10p. Interest cover is 12.5 times and a maintained dividend would provide a yield of almost 12 per cent. The shares closed 3p higher at 64p, putting them on an undemanding multiple of 6.4. Although scarcely a growth stock, any downside in the price will be further limited by management's plans to ask shareholders for permission to buy back up to 10 per cent of the group's own shares.

Gleeson launches £16.5m bid for Colroy

By Andrew Bolger

GLEESON, the construction group, last night announced an agreed bid for Colroy which values the housebuilder at £16.5m.

Gleeson's cash offer of 180p per share has already been accepted by shareholders representing 61.1 per cent of Colroy's share capital. Colroy shares had earlier closed at 155p, down 3p.

Mr Dermot Gleeson, chief executive, said: "This is an acquisition with great attraction for both companies. The new and enlarged housebuilding operations of the Gleeson group will have the benefit of a substantial and geographically diverse landbank."

Colroy specialises in residential housing, concentrating on the north-west of England, the east Midlands and East Anglia. In the year to July 31, it made pre-tax profits of £2.9m on turnover totalling £15.9m.

Gleeson's principal activities are building and civil engineering contracts, residential estate development and property investment. In the year to June 30, it made pre-tax profits of £11.7m on turnover of £165.5m.

Polly Peck administrators could gain access to north Cypriot assets today

By David Barchard and John Murray Brown in Ankara and Richard Waters in London

THE INJUNCTION preventing Polly Peck International's administrators from gaining access to the group's nine subsidiaries in northern Cyprus is likely to be lifted today.

The move will mark a significant breakthrough for the administrators, who have been trying since their appointment six weeks ago to find out whether Polly Peck could be saved or should be broken up.

The Cypriot operations remain the only part of the group which has so far remained beyond their reach.

The lifting of the injunction should also help the administrators to discover whether the £60m of Polly Peck money said to be deposited in Cypriot banks can be recovered, and if so how quickly.

Mr Ahmet Niyazi, a north Cyprus orange grower and a member of a group of 11 farmers which successfully sought the injunction on October 21, said that the farmers now wanted the injunction to be lifted.

"Mr Nadir came and spoke to us in person and explained what the problem was and offered us full guarantees against any losses we might sustain, so naturally we accepted his word," Mr Niyazi said.

Mr Kivanç Riza, the lawyer acting for the farmers, will present a document to the court seeking the withdrawal of the action.

However, before the administrators can gain access to Sunzest, Polly Peck's citrus export company in Cyprus, and other subsidiaries of the group, it may be necessary for local boards of directors to pass a resolution formally recognising their powers.

Meanwhile, it emerged over the weekend that Mr Nadir has raised TL2.5bn (£454,000) by selling the Ankara offices and printing press of Güneş, one of the three Turkish daily newspapers he owns personally, to the Turkish State Social Security Organisation.

The deal was attacked by critics of the ruling Motherland Party who claimed it was an attempt to give financial assistance to Mr Nadir's newspapers. "This looks to me like a thinly disguised government subsidy to Mr Nadir," said Mr Uğur Mumcu, a leading Turkish writer and columnist on Cumhuriyet, Güneş's main rival among the daily newspapers.

Güneş and its sister publications have been suffering widely publicised financial difficulties during the last five weeks. At the weekend, 100 journalists and printing staff on the paper were made redundant in an apparent effort to cut costs.

Last week Imar Bankasi, a small Istanbul bank, threatened to apply for a court order to freeze the assets of the companies which own Mr Nadir's three newspapers unless debts of TL24bn (£11m) were paid.

In Ankara, government officials remain reticent about the Polly Peck affair. The official view is that it has now blown over, at least as far as Turkey is concerned.

Possible wider use for Glaxo's anti-asthma drug

By Clive Cookson

GLAXO, the UK pharmaceutical company, yesterday launched Serevent, its new asthma drug.

By coincidence, an encouraging paper appeared in the Lancet at the weekend showing that Serevent has strong anti-inflammatory properties which could extend the clinical use of the drug.

Analysts expect Serevent to earn £300m-£400m a year within five years.

Of the drugs now emerging from Glaxo's research and development pipeline, only Imigran, its treatment for migraine, is believed to be more commercially important for the company's future.

The chief advantage of Serevent over existing asthma treatments, such as Glaxo's Ventolin, is that its effects last longer.

A patient can remain free of symptoms by inhaling Serevent twice a day.

Serevent (chemical name salmeterol) received a full UK licence last month, and Glaxo expects the other main European authorities to issue licences within the next year. It will file with the US Food and Drug Administration in June 1991.

The Lancet article is significant because the current generation of asthma drugs do not have strong anti-inflammatory action.

Patients with severe asthma have to take both a "bronchodilator" such as Ventolin to control the symptoms of breathlessness and a steroid to suppress the underlying inflammation of the airways.

If Serevent can do both jobs safely – and Glaxo said more clinical evidence would be required to prove its anti-inflammatory effect – it will win a large share of the £2.3bn a year world market for asthma drugs.

Ventolin, launched in 1969, is still the best selling asthma drug but has only 16 per cent of the market.

Recession in building knocks Phoenix into red

By Richard Gourlay

THE RECESSION in the building industry sent Phoenix Timber, the Essex-based timber products group, into the red for the six months to end-September.

The company reported a loss of £379,000 compared to the previous year's pre-tax profit of £479,000. Meanwhile turnover declined some £5m to £31.03m.

The interim dividend is cut from 1.1p to 0.5p and the shares dipped 3p to 57p.

Phoenix closed two businesses during the period and yesterday announced the closure of a third, Phoenix Hahn, a hardwood importer.

"These are miserable times in the building trade," said Mr Peter Quinn, chairman. "We are really waiting for the government to do something about interest rates."

Operating profits fell from £1.84m to £625,000 due to the loss of volume and an erosion of margins.

Mr Quinn said Phoenix expected further erosion of turnover.

The closure of the three businesses will release cash, after the cost of closure, which can be used to reduce group debt. The closures have also freed for sale land which is held in the books at £2m.

Gearing was at a seasonal high but had fallen to 70 per cent following the repayment of £3.5m of the company's £11m debt.

Mr Quinn said that this was likely to fall to 50 per cent by the year-end.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Acal §	int	1.8	Feb 1	1.56	-	4.68
Alexon	int	6	Feb 1	5	-	13.5
Chamberlin/Hill	int	1.75	Dec 20	1.75	-	5.75
Cranswick Mill §	int	2	Jan 29	1.85	-	5.55
Dobson Park	fin	3.85	Mar 1	3.85	5.75	5.75
Dundee & London	fin	8.2	Jan 25	7.1	12	10.5
Edbro	int	1	-	3	-	11
Elga	int	0.6†	Feb 15	0.5	-	2
European Colour	int	0.25	Jan 3	0.2	-	0.6
Faber Prest	fin	7.7	Jan 23	-	12	-
M&G	fin	9.5	Jan 17	8	17	12.5
Marina Devs §	int	5	Mar 28	5	-	12
Phoenix Timber	int	0.5	Jan 25	1.1	-	2.75
Rolfe & Nolan §	int	2.1	Jan 24	1.6*	-	4.3*
Syltone	int	3	Feb 11	2	-	8
Tex	int	nil	-	3	-	10.5
Westland	fin	2.5	Feb 18	2.25	3.75	3.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

COMMODITIES AND AGRICULTURE

Soviet Union 'to double meat and butter imports'

FIGURES ANNOUNCED by Prime Minister Nikolai Ryzhkov indicate that the Soviet Union will double its imports of meat and butter next year, according to western agricultural experts, Reuters reports from Moscow.

But it will need credit to do this, they added.

In a television interview on Sunday, Mr Ryzhkov said the Soviet Union would import 1.5m tonnes of meat and just over 500,000 tonnes of butter in 1991.

According to specialists based in Moscow, the Soviet Union imported 750,000 tonnes of meat in the past 12 months. Butter imports have been averaging 250,000 tonnes a year.

A shortage of hard currency may prevent the Soviet Union from purchasing all the food imports it seeks, unless it can arrange sufficient credits from exporters, the specialists said.

"If they do not get credits, they will not be able to buy 1.5m tonnes of meat. That's the sober truth," a diplomat said.

Several western countries have already announced that they would give the Soviet Union food aid in the form of credit lines or loan guarantees. These include France, Canada and Australia.

Other countries, including Germany, Italy, Spain and the US, are considering such aid.

Exporters from countries whose governments do not provide credits may find themselves locked out of the Soviet market, the specialists said.

A New Zealand official said the Soviet Union owed his country's exporters about $105m for butter and wool delivered in 1990.

"New Zealand shippers would be very nervous about shipping products without an absolute guarantee of payment," he added.

Sweden, which exports meat, butter and grain to the Soviet Union, is another country that does not grant credits. Moscow is behind in payments for $25m of Swedish butter, a diplomat said.

Mr Ryzhkov said the Soviet Union would produce 4.8m tonnes of groats – pearl barley and similar products – in 1991 but would have to buy 500,000 tonnes from abroad.

He made no reference to Soviet grain imports. On November 26, the head of Gosplan, the state planning agency, said that the Soviet Union would import about 30.5m tonnes of grain next year.

Green light for PNG oilfields

By Kevin Brown in Sydney

PAPUA NEW Guinea yesterday announced the go-ahead for the country's first commercial oilfields.

Mr Rabbie Namaliu, Prime Minister, said the federal government had agreed to offer a production licence to an international consortium that wants to develop the Iagifu/Hedinia and associated fields in the southern highlands of western PNG, known collectively as the Kutubu project.

Mr Namaliu said final negotiations with the Gulf and Southern Highlands provincial governments, and with landowners in Kikori and Kutubu, should be completed next week, along with final environmental safeguards.

"This project has been completed with the minimum of delay and construction will begin almost immediately, with the first production of oil expected in the second half of 1992," Mr Namaliu said.

PNG will have a 22.5 per cent stake in the consortium, headed by Chevron Nuigini. The consortium says Kutubu could be producing 90,000 barrels of oil a day in two years' time.

The development of the field has been difficult because of local opposition to the oilfields and an associated pipeline to a loading point in the Coral Sea, between PNG and Australia.

The project was also delayed by the government's reluctance to bear a large share of the costs of the pipeline. A formula was eventually agreed under which the pipeline costs would be reviewed as other oilfields were developed.

The development of oil resources is crucial to PNG because of the impact of falling commodity prices on foreign exchange earnings and the closure of the huge copper mine on Bougainville island, where secessionist rebels have taken control.

The Kutubu project is expected to contribute Kina 1.4bn (£820m) in revenues to the government over 10 years, and will encourage further exploration and development.

RTZ disposes of Omagh gold project

By Kenneth Gooding

RTZ CORPORATION has disposed of its troublesome gold project near Omagh in Northern Ireland which some analysts suggest has the potential by the mid-1990s to support a modest mine producing an annual 25,000 troy ounces of gold.

The project was too small for RTZ, the world's biggest mining group, so it has been sold to a new Northern Ireland company, Omagh Minerals, which is backed by Dejour Mines, a "junior" mining company quoted on the Toronto Stock Exchange.

RTZ's exploration arm, Riofinex, snapped up the 120 sq km Lack licence area in 1985 after Ennex International, a Dublin-based, USM-quoted company, revealed it had found precious metal in the Sperrin Mountains 10 km away.

Shortly after starting serious exploration, RTZ's team became convinced that its hunch was likely to pay off when it found lying in a field a boulder containing five ounces of gold.

But the project has not been popular with some local residents who claim RTZ's activities have detracted from the area's beauty and its attraction for tourists.

Criticism arose mainly because RTZ removed 40,000 tonnes of waste material from a 212 metre long trench so as to carry out detailed sampling of a representative sample of the mineralised structure without incurring the cost – and security risks – of underground exploration.

Security is a problem in the area because of IRA activity and Ennex attempted to develop its Sperrin Mountains project without using explosives. But its unorthodox methods proved to be slow and expensive so development was suspended in June this year.

Riofinex believes the security problems are manageable, partly because open-pit methods could be used at the Lack project so blasting would be less frequent than with underground mining.

The Omagh company has acquired all Riofinex's data about Lack for an undisclosed sum. It will carry out further exploration work and RTZ will receive a royalty if the property proceeds to production. The relevant UK authorities have transferred the exploration and development licences from Riofinex to Omagh. Riofinex will complete restoration work on the existing trench but Omagh assumes responsibility for site restoration attached to the licence.

Gold lending rate at record level

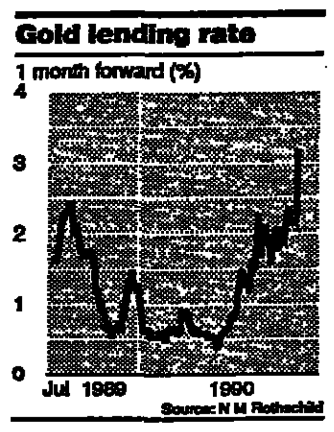
By Kenneth Gooding, Mining Correspondent

THE COST of borrowing physical gold has surged to record levels and dealers expect interest rates to remain high well into next year.

The market for lending and borrowing bullion has become an increasingly important aspect of the world of gold. The major international bullion houses have developed an informal, but sophisticated, global gold banking system, borrowing from those who have gold – mainly central banks but also investors in the metal – and lending to those, such as jewellery manufacturers and gold mining companies, who need it.

In the past few weeks the interdealer gold-loan rate (sometimes described in the jargon as "gold libor" – short for London interbank offered rate) has climbed to its highest-ever level. For example, the cost of borrowing gold bullion for one month was only 0.5 per cent in the spring, was up to 1.75 per cent last month and yesterday was above the historic ceiling of 3 per cent at 3.25 per cent.

Dealers suggest that supply restrictions, rather than any upsurge in demand, have pushed up the gold libor rate.



Central banks, the main source of physical gold, have been much more cautious since it became clear than some of them lost some gold when the Drexel Burham Lambert financial services group collapsed. Portugal's central bank lost 288,000 troy ounces of gold worth about US$100m.

Lending gold enables central banks to generate a small yield from what would otherwise be a sterile asset. However, the 30 or so central banks which in the past have been active gold lenders seem recently to have been lending less metal than before and for a shorter time.

Their action was obscured for a while by gold "swaps" by the Soviet Union early this year. A swap involves selling gold and simultaneously agreeing to repurchase the same quantity of bullion at a predetermined price in the future. Dealers suggest the Soviet Union swapped about 300 tonnes of gold in the early months of 1990 and, because this was available to be lent to the market, it added liquidity.

However, when the gold price briefly rose above $400 an ounce in August, the Soviet Union reportedly unwound most of its swaps and sold the gold into the market instead.

A squeeze on the Tokyo Commodity Exchange, where local trade houses borrowed a lot of gold as they liquidated forward contracts, also has been playing a part in drying up liquidity. And interest rates have been boosted by dealers who expect there will be growing demand for gold because more gold mining companies will be hedging more of their future production.

Mr Robert Guy, a director of N.W. Rothschild, the bullion house, said yesterday: "Most people expect gold interest rates to be higher next year than they have been this year."

How high might they go? Some dealers have mentioned 7 or even 8 per cent as likely next year and suggest the interest rate might remain there. However, Mr Jeffrey Nichols, managing director of the American Precious Metals Advisors consultancy group, said this was unlikely. "Demand for gold loans is, to an important extent, interest-rate sensitive," he pointed out. "At some level, higher gold borrowing rates will both choke off demand and attract more deposits from central banks and other large-scale holders – bringing the interest rate back toward a sustainable equilibrium level. That equilibrium is probably now between 3 and 4 per cent."

● From today the Financial Times will include the gold interest rates in the tables below. Gold coin prices will no longer be given.

● Details will also be provided, from today, of the MGMI Futures contract which was introduced on the London Futures and Options Exchange (Fox) only five months ago but trading volumes are already averaging 500 lots a day.

Farmers to check out food prices

FARMERS FACING their lowest income in real terms since the war are to meet supermarket chiefs next month. The move comes amid concern that farm incomes are being pushed down while prices in the stores stay the same or rise.

The top-level meeting was disclosed by Sir Simon Gourlay, president of the National Farmers' Union yesterday as he warned that up to half Britain's farmers could be out of business in a decade unless there was a successful reform of European Community farm policies.

Grocery chiefs would be told of concerns that supermarkets were flourishing while farmers faced their lowest real incomes since the end of second World War, he said at the Royal Smithfield Show in London.

"I am not saying that it's a direct correlation between the two," said Sir Simon, "but clearly the supermarkets are very effective businesses and they have got phenomenal power. Farmers are always expressing their concern to me that supermarkets appear to be squeezing their margins."

Ireland's family farmers see little future

Kieran Cooke on the failure of agricultural policy to keep people on the land

THERE ARE only two days a week that Killala, a town in county Mayo in the west of Ireland, comes alive. Tuesdays it's payment of the dole (unemployment benefit) and Friday is for the pensions. For the rest of the time, apart from weekend evenings and the tourist season, Killala, like many other towns in the area, is silent.

Mr Ray MacSharry, the Irish EC Agricultural Commissioner, has made it clear that the future of peripheral areas like Killala is inextricably linked to the present crucial round of negotiations in the General Agreement on Tariffs and Trade. Mayo, like Mr MacSharry's home county of Sligo, is almost totally dependent on agriculture. Gatt negotiators may sit round polished tables in Brussels or Geneva but the west of Ireland is the front line.

According to Mr MacSharry, the EC's Common Agricultural Policy, with its subsidies and supports that so upset the US and others involved in the Gatt process, is vital to the survival of Killala and hundreds of other localities. Take away the CAP and areas like Mayo will die, thousands of small farmers will go out of business, land will be unused and people will flood to the cities.

That at least is the conventional view. The reality is rather different.

Mrs Mary O'Malley, a widow with two sons in their 20s, lives on a 50 acre farm typical of the west of Ireland. Mrs O'Malley keeps 20 head of cattle, makes hay by hand in the summer months, cuts peat from the bog for fuel. Life is hard but Mrs O'Malley's widow's pension, plus dole payments to both sons, ensures that there is no real poverty. Mrs O'Malley admits that since Ireland joined the EC in 1973, there have been some good years when rising cattle prices brought in more income. Special "headage" payments by Brussels – a subsidy applied in "severely handicapped areas" on each head of cattle or sheep, sometimes exceeding the value of the animals themselves – are important.

But Mrs O'Malley does not feel the CAP has done much to help the small Irish farmer. "It is the bigger, wealthy farmers and processors who are more worried about losing their subsidies and payments from Brussels. For the likes of us things are bad enough already. It will not make that much difference one way or the other."

The statistics would seem to support Mrs O'Malley's gloomy view of things. Despite 17 years of EC membership and mounting payments to Ireland from the CAP – estimated at nearly I£1.5bn last year, or nearly I£600 for every adult in the country – the move away from the land continues. From the mid-1960s to the mid-1980s more than 200,000 left the land, and in recent years the trend has accelerated. Overall one in 20 of the Irish population – mostly young people – have emigrated since 1982. More than 50 per cent of farmers are over 50 years old. Abandoned dwellings are once again a common feature of the rural landscape, particularly in the west. Whole families have left for England or the US.

From the mid-1960s to the mid-1980s more than 200,000 left the land, and in recent years the trend has accelerated.

Agriculture is still central to the Irish economy, accounting for 10 per cent of GNP, compared with the EC average of 4 per cent, and employing 17 per cent of the population, double the EC average.

But government policy of trying to keep maximum numbers on the land while at the same time encouraging more efficient farming has failed.

Irish agriculture remains overwhelmingly dependent on beef and milk – products in world surplus. About 90 per cent of Irish agricultural land is used for grazing and milk, cattle and sheep account for 76 per cent of Irish agricultural output, compared with 31 per cent for the EC as a whole. Mr Raymond Crotty, an Irish agricultural economist, says that the CAP has meant only stagnation and has led Irish agriculture into "a situation of precariousness that is without parallel since the destruction of the potato crop in the 1840s."

Mr Crotty's message is viewed as heresy in some Irish farming circles, particularly at a time of mounting protests about the Gatt and the proposed reduction in agricultural subsidies. His argument is that Irish agriculture has failed to modernise or diversify: in 1972 44,000 were employed in Ireland's food industry; now the number is 35,000. The CAP funds have merely been used to increase milk, beef and latterly, sheep output.

Output of cattle has increased by a half in the the last 20 years. The amount of milk sold to creameries has increased two and a half times over the same period. Disproportionately large amounts of this output have been sold into EC intervention stockpiles.

When milk quotas were introduced in the mid 1980s, Irish farmers moved into sheep to take advantage of EC subsidies. Over the past five years Ireland's sheep population has almost doubled, leading to growing surpluses in the EC and indirectly provoking incidents like the French farm protests this summer.

According to Mr Crotty, wealthy Irish farmers have used CAP funds to increase the size of their farms and herds. Initially the injection of funds caused an explosion in land prices. Good farm land with a milk quota is still worth about I£4,000 an acre. Small farmers have been driven off the land while the era of the milk and beef "barons" has arrived. The processors have also grown powerful through the CAP, gaining from the generous provision of EC export subsidies for exporting outside the EC.

Mrs O'Malley says the processors control cattle prices and the small farmer is losing out. She sees little future in the family farm, even with the subsidies and grants from Brussels.

Mr Crotty says government policy and the CAP have failed. Much better for Brussels simply to distribute the massive amounts of subsidies and supports it gives each year to Irish agriculture directly to the population. Mr Crotty says that Irish agriculture has reached a dead end. . . "It holds no future for most of those engaged."

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices moved ahead on the LME yesterday, boosted by a short covering rally on sentiment that the market had become oversold during last week's fall to a five-month dollar low, traders said. Dealers said three month metal had slipped to a low of $2,465 a tonne in pre-market trading with early Japanese buying countered by European selling. But strong support was evident at that level and prices quickly rallied. LME stocks data today could show a rise of 3,000 to 5,000 tonnes. Tin prices fell to three-month lows as high stocks and low consumer demand continued to weigh on sentiment. Zinc prices were steady. Workers at Noranda subsidiary Brunswick Mining and Smelting's Bathurst mine – on strike since July – rejected the company's latest pay offer. Sugar prices in both London and New York firmed in early trading after weekend news that the US was increasing its 1990-91 tariff-rate quota by 375,000 tonnes to 2.1m tonnes. New York arabica coffee futures were firming by midday on news of dry, hot weather in Brazil's growing regions. In addition analysts noted the possibility of a port strike in Colombia.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$25.40-5.55v	-0.15
Brent Blend (dated)	$31.10-1.20	-0.30
Brent Blend (January)	$29.70-9.80	-0.10
W.T.I. (1 pm est)	$29.72-9.75v	-0.19
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$283-90	-1½
Gas Oil	$313-5	+4
Heavy Fuel Oil	$137-9	+4
Naphtha	$277-81	½
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$381.20	-3.55
Silver (per troy oz)♣	$412.85	-0.15
Platinum (per troy oz)	$429.50	-3.75
Palladium (per troy oz)	$92.00	-0.75
Aluminium (free market)	$1495	-25
Copper (US Producer)	116c	-1
Lead (US Producer)	50c	
Nickel (free market)	387c	+2
Tin (Kuala Lumpur market)	15.35r	-0.37
Tin (New York)	271c	
Zinc (US Prime Western)	70c	
Cattle (live weight)†	105.34p	-0.33*
Sheep (dead weight)†	147.31p	+5.58*
Pigs (live weight)†	73.56p	+1.76*
London daily sugar (raw)	$259.2w	+1.6
London daily sugar (white)	$311.0w	+1.5
Tate and Lyle export price	£242.50	+1.0
Barley (English feed)	£118u	
Maize (US No. 3 yellow)	£163.5	
Wheat (US Dark Northern)	£81u	
Rubber (Jan)♥	51.25p	+0.25
Rubber (Feb)♥	51.50p	+0.25
Rubber (KL RSS No 1 Jan)	242.5m	
Coconut oil (Philippines)§	$360.0z	
Palm Oil (Malaysian)§	$357.5v	+7.0
Copra (Philippines)§	$250x	
Soyabeans (US)	£142	
Cotton "A" index	82.90c	+0.5
Wooltops (64s Super)	412p	+4.0

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Dec/Jan z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	218.00	219.80	223.20	217.60
May	219.60	221.80	223.60	219.80
Aug	222.40	224.40	226.00	224.40
Oct	222.00	223.20	225.60	222.80
Dec	225.00		223.40	
Mar	224.00		226.60	
White	Close	Previous	High/Low	
Mar	302.0	303.0	306.0	301.5
May	302.0	303.0	304.0	302.0
Aug	307.0	308.0	309.0	306.5
Oct	289.0	291.0	292.0	289.2
Dec	285.0		288.2	285.2
Mar	286.0	288.5	286.5	286.2

Turnover: Raw1395 (954) lots of 50 tonnes. White 1015 (732)
Paris- White (FFr per tonne): Mar 1554, May 1558, Aug 1592, Oct 1502.

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Jan	29.65	29.20	30.35	28.50
Feb	28.50	28.22	29.15	27.60
Mar	27.20	27.00	27.95	26.80
May	25.50		25.50	
Jun	24.60		24.60	
IPE Index	30.15	33.00	33.00	28.20

Turnover: 8786 (8925)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Dec	296.00	291.50	297.50	279.00
Jan	279.00	277.25	280.25	264.00
Feb	262.00	260.00	262.00	247.00
Mar	241.00	240.00	245.00	220.00
Apr	227.00	226.50	228.00	226.75
May	222.00	220.00	222.00	
Jun	221.00	218.00	221.00	
Jul	219.00	221.00	219.00	

Turnover 12778 (10385) lots of 100 tonnes

TEA
London market sale there was good general demand reports the Tea Brokers Association. Assams sold readily at their previous levels with better quality sorts, particularly pekoe dusts, in most request. Bangladesh teas showed an easier tendency. Bright liquoring Africans were well supported at fully firm to dearer rates but plainer mediums declined by 2p to 4p per kilo. Ceylons met a more selective enquiry and prices for plain descriptions were generally lower. The highest price realised this week was 248p for a Rwanda pekoe dust. Quotations: quality 215p nominal medium 137p low medium 86p.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Dec	689	683	678	667
Mar	726	730	730	721
May	756	758	757	752
Jul	777	779	779	776
Sep	797	799	799	792
Dec	819	822	821	816
Mar	841	842	841	837

Turnover: 6933 (15063) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 30 985.97 (975.35) 10 day average for Dec 1 986.11 (984.11)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Jan	633	630	639	625
Mar	586	584	589	580
May	587	584	590	582
Jul	598	596	602	597
Sep	620	611	620	612
Nov	630		630	

Turnover:3067 (5476) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 30: Comp. daily 70.72 (71.24). 15 day average 69.86 (69.65)

POTATOES – BFE			£/tonne	
	Close	Previous	High/Low	
Feb	95.0		92.5	
Apr	137.0	139.9	139.0	135.9
May	156.0	159.4	159.9	155.1

Turnover 260 (93) lots of 40 tonnes.

SOYAMEAL – HI-PRO			£/tonne
	Close	Previous	High/Low
Apr	120.00	119.50	120.00
Jun	120.50	120.50	120.50

Turnover 71 (190) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/index point	
	Close	Previous	High/Low	
Jan	1357	1344	1362	1350
Apr	1278	1273	1279	1270
Jun	1043		1045	1040
BFI	1365	1348		

Turnover 243 (457)

GRAINS – BFE			£/tonne	
Wheat	Close	Previous	High/Low	
Jan	120.40	120.65	120.60	120.40
Mar	123.85	124.20	124.20	123.90
May	127.15	127.50	127.50	127.20
Barley	Close	Previous	High/Low	
Jan	117.15	117.00	117.25	
Mar	120.30	120.45	120.50	120.30
May	121.45	121.45	121.50	121.45

Turnover: Wheat 54 (252), Barley 136 (96). Turnover lots of 100 tonnes.

PIGS – BFE		(Cash Settlement) p/kg
	Close	Previous	High/Low
Jan	88.5	90.0	88.5
Feb	89.5	90.0	88.0
Mar	88.5	94.0	88.0

Turnover 95 (36) lots of 3,250 kg

LONDON METAL EXCHANGE	(Prices supplied by Amalgamated Metal Trading)				
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 21,499 lots
Cash	1493-8	1509-11	1492/1490	1489-90		
3 months	1527-9	1545-6	1546/1523	1524-5	1525-6	58,415 lots
Copper, Grade A (£ per tonne)					Total daily turnover 36,432 lots
Cash	1302-4	1272-4	1303/1285	1284-5		
3 months	1306-7	1287-8	1309/1287	1301-2	1308-9	109,616 lots
Lead (£ per tonne)					Total daily turnover 2,149 lots
Cash	342-4	339-41	344/343	342-3		
3 months	346.5-7	344-5	350/345	346-8	346-7	10,346 lots
Nickel ($ per tonne)					Total daily turnover 1,725 lots
Cash	8325-50	8350-400	8400/8325	8325-30		
3 months	8075-125	8125-50	8150/81000	8085-100	8100-50	7,882 lots
Tin ($ per tonne)					Total daily turnover 1,949 lots
Cash	5855-65	5835-45		5890-2		
3 months	5875-80	5945-55	5910/5880	5910-5	5880-5	9,767 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 5,278 lots
Cash	1240-5	1235-8	1240	1240-1		
3 months	1226-7	1223-5	1234/1218	1225-6	1233-4	19,667 lots

LME Closing £/$ rate: SPOT: 1.9428 3 months: 1.9186 6 months: 1.9040 9 months: 1.8857

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx		158.2	333333		
Dec	158.00	158.30	157.80	157.80	108
Jan	157.80	158.30	158.40	157.00	114
Feb	157.80	158.30	157.80	157.80	5
Mar	157.50	158.20	156.70	156.70	97
Jun	157.50	157.90	156.70	156.70	108

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	381-1.4	
Opening	381.4-1.8	
Morning fix	381.75	197.614
Afternoon fix	380.85	197.598
Day's high	382.25-.65	
Day's low	379.8-1.4	

Loco Ldn Mean Gold Lending Rates			
1 month	[illegible]	6 months	[illegible]
2 months	[illegible]	12 months	[illegible]
3 months	[illegible]		

Silver fix	p/fine oz	US cts equiv
Spot	213.80	412.85
3 months	220.75	421.00
6 months	227.55	429.65
12 months	240.60	446.35

TRADED OPTIONS				
Coffee	Jan	Mar	Jan	Mar
600	[illegible]	[illegible]	[illegible]	[illegible]
650	[illegible]	[illegible]	[illegible]	[illegible]
700	[illegible]	[illegible]	[illegible]	[illegible]
Cocoa	Mar	May	Mar	May
700	[illegible]	[illegible]	[illegible]	[illegible]
750	[illegible]	[illegible]	[illegible]	[illegible]
800	[illegible]	[illegible]	[illegible]	[illegible]
Brent Crude	Jan	Feb	Jan	Feb
3300	[illegible]	[illegible]	[illegible]	[illegible]
3350	[illegible]	[illegible]	[illegible]	[illegible]
3400	[illegible]	[illegible]	[illegible]	[illegible]

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Dec	376.6	383.3	383.8	376.0
Jan	377.8	384.8	0	0
Feb	378.5	385.7	385.9	377.5
Apr	381.6	388.9	389.0	381.0
Jun	384.8	392.2	391.8	384.6
Aug	387.8	395.2	394.0	388.0
Oct	391.0	398.4	397.2	397.2
Dec	394.3	401.7	401.7	393.5
Feb	397.6	405.1	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	417.6	421.4	0	0
Apr	422.6	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

INDICES				
REUTERS (Base: September 18 1931 = 100)				
Dec 3	Nov 30	mnth ago	yr ago	
1715.5	1716.6	1719.8	1827.6	
DOW JONES (Base: Dec. 31 1974 = 100)				
	Nov 30	Nov 29	mnth ago	yr ago
Spot	123.02	123.13	124.64	128.77
Futures	123.60	124.20	127.83	130.77

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	112.50	111.10	113.20	111.80
Jan	110.50	109.70	110.80	110.40
Feb	109.10	108.50	109.20	109.00
Mar	107.30	107.10	108.50	106.80
Apr	106.45	106.40	0	0
May	105.60	105.70	106.60	105.50
Jun	104.85	105.10	105.20	105.20
Jul	104.00	104.50	105.40	104.10
Aug	103.50	104.00	0	0
Sep	102.90	103.40	103.40	103.40

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Jan	29.35	28.85	30.48	29.15
Feb	28.70	30.54	29.75	28.65
Mar	27.95	29.22	28.90	27.70
May	26.20	26.82	26.85	26.15
Aug	25.00	24.88	25.00	24.55
Sep	24.25	24.23	24.60	24.25
Oct	24.20	23.83	24.40	24.10

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Jan	8510	8842	8675	8480
Feb	8255	8573	8410	8225
Mar	7800	8043	7945	7760
May	7025	7163	7060	7025
Jun	6850	6936	6890	6820
Jul	6750	6843	6820	6725

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	1217	1246	1247	1214
Mar	1254	1283	1291	1250
May	1295	1322	1330	1291
Jul	1320	1359	1363	1327
Sep	1359	1388	0	0
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	601/2	589/4	603/0	585/0
Mar	615/4	604/4	618/0	599/4
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton				
	Latest	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Gulf peace factor loses some appeal

THE EXCITEMENT over the forthcoming talks between the US and Iraq on the Gulf crisis faded during London's trading session yesterday. Attention focused instead on technical factors, the weakness of sterling and the oil price. The strength of long gilts also helped shares; the yield gap with equities still stands at around a 10-year high.

There was little institutional interest evident in the market. Early rises were half-hearted. The best performers, pharmaceuticals and other internationally traded stocks, were supported by the earlier strength of foreign markets and sterling's weakness against the dollar.

Such buying as there was, according to analysts, was the result of sporadic attempts by some institutions to reduce their levels of liquidity before the end of the year, and the annual performance review by trustees.

Account Dealing Dates			
First Dealings:	Nov 19	Dec 10	Dec 31
Option Declarations:	Dec 6	Dec 27	Jan 10
Last Dealings:	Dec 7	Dec 28	Jan 11
Account Day:	Dec 17	Jan 7	Jan 21

*New-time dealings may take place from 9.30 am two business days earlier.

But even these institutions largely steered clear of equities and made their presence felt in Footsie futures. The December future attracted steady, if unspectacular business. The premium stretched to a level at which institutions find it profitable to sell the future and buy shares.

When Wall Street began trading, the change in mood from its optimism on Friday night reflected the London atmosphere. The FT-SE index, having stalled around the day's high of 2,169.6, slipped steadily and finished nearer the low end of the day's trading range at 2,162.7, up 13.3 on the day. Gilts also retreated to end unchanged.

Share turnover yesterday was low. Seaq screens showed a closing volume of 326.1m, but even that dismal level had been swollen by a two-way £45m programme trade from BZW and another worth £10m from County NatWest.

The wariness of trading was underlined by renewed caution from equity strategists. Much of the recent rally in London has been on hopes of an interest rate cut before Christmas. But Kleinwort Benson said that the Conservative Party's lead in opinion polls reduced the domestic pressure for a reduction in rates.

The broker's assessment of the new prime minister, Mr John Major, is that his pro-European inclinations will make stable membership of the exchange rate mechanism a high priority. As a result UK base rate cuts are "more than ever [a] hostage to the fortunes of sterling, particularly against the German mark".

BZW warned investors not to draw too many parallels between the current recession and that of 1980-81. At that time the market moved in favour of the capital goods sectors some nine months before the economy bottomed out. The current slowdown, however, is hurting the financial companies rather than industrials. One consequence is that "the banking system will not be able to finance a sharp rebound in activity when demand bottoms".

The market also displayed some nervousness ahead of company results this week. The main concern centres on dividends, and the first test comes today: analysts are divided over the likelihood of Trafalgar House cutting its dividend, but would be severely jolted if Lord Weinstock did so at GEC. Hanson's figures are on Thursday.

The stream of downgradings of company profit forecasts continued. Yesterday's victims were food manufacturers Cadbury-Schweppes and United Biscuits. Last week its was Hillsdown, and there was much talk of more to come before the weekend.

Glaxo drug gets a welcome

THE MARKET gave an enthusiastic welcome to Glaxo's new asthma drug Serevent, which was launched in the UK yesterday. Hall at UBS Philips &Drew added that while Serevent as an important drug for Glaxo, its near-term earnings potential was not as high as the market appeared to be anticipating.

The initial boost to Glaxo's share price came as strong US interest spilled over into the London market, encouraged by a weaker pound. Glaxo's rise was helped by an article in the Lancet, the authoritative medical journal, which pointed out that Serevent had anti-inflammatory properties. This was "encouraging" said Mr Nigel Barnes at Hoare Govett.

However, he and others felt that the market was overreacting to the news. Glaxo had made no secret of Serevent's anti-inflammatory properties, Mr Barnes said. Mr Martin US investors saw in Serevent a "real money spinner" on the basis of its high price. But "I do not think it is going to be as easy as that", said Mr Hall. Serevent sales is not new business, since the drug is replacing another of Glaxo's own products, Ventolin. The high prices of drugs are also being brought into question by both consumers and the authorities alike.

Glaxo, none the less, maintained its rising momentum in heavy trading yesterday and closed up 25 at 849p.

Gas 'too dear'

British Gas weakened against the market trend in busy turnover yesterday after S.G. Warburg advised clients to take profits gained from a period of outperformance. The shares slipped to 228p at one point but ended the day only 2p down at 230p after volume of 10m shares.

Warburg said the market had become too sanguine about prospects for the company, whose shares, seen as having defensive attractions in uncertain conditions, had substantially outperformed the market since the outbreak of hostilities in the Gulf.

Concern about a toughening in the stance of the industry's regulator, the Office of Gas Supply, which was occurring at the same time as the UK domestic gas market was approaching saturation, was likely to hit sentiment in the shares, Warbug said. The securities house is not changing its dividend forecast for this year and still expects the company to make net income of £1.2bn.

The Office of Gas Supply last week accused British Gas of imposing excessively high price increases on 20,000 business customers. The company announced a 17 per cent rise in interim dividend last month.

Properties rise

The inclusion of several property leaders in the BZW buying programme caught the market unawares. Prices surged forward as traders scrambled to rectify short positions, and for a while the property sector gave the appearance of being inadequately supplied. Subsequently, some stocks came away from the highest levels but closing gains still stretched well into double figures.

MEPC, which was respected but not appreciated for giving a very realistic valuation of its portfolio last week, spearheaded the advance. Its stock rose 15 to 522p while Land Securities rose 14 to 534p and Hammerson "A" gained 12 to 588p. Greycoat, up 13 at 391p, and British Land, 9 higher at 289p, were other strong risers.

Cheaper money hopes probably aided sentiment, said a specialist salesman, who admitted, however, being perplexed by the show of strength. It contrasted, he said, with analysts views after the MEPC valuation that some leaders were too expensive.

Downgradings or sell advice reined back the construction and housing sector. Blue Circle Industries (BCI), the cement alpha, lost supporters as Mr Tad Phillips at Nikko Securities cautioned about prospects. The spring price rise reduced market share, he said, and this added to pressures on profits arising from slowing demand. "Volumes are likely to fall 15 per cent in the current year, followed by 10 per cent in 1991 which, accompanied by growing price discounting, could leave BCI nursing severe margin erosion." James Capel was also understood to have lowered its profits estimate, and the shares reacted 5 to 222p. Rugby fell in sympathy to end 6 lower at 149p.

George Wimpey, the housebuilder, also felt the effects of profits pruning. Smith New Court reduced its 1991 forecast by £14m to £56m. The investment bank listed flagging margins in UK housing, a collective downgrading of the group's US operations and fading hopes of lower interest charges (assuming the sale of the Little Britain development is deferred) as the primary reasons for its action. Wimpey shares closed 3 off at 209p.

The market's rerating of Amersham International was challenged yesterday and the shares turned back 7 to 313p. Since the disposal of its clinical reagents business to Eastman Kodak, of the US, last month for £84m the stock has risen strongly. It has reached the point where some researchers are questioning the extent of the movement.

Smith New Court believes Amersham's outperformance is likely to prove a temporary phenomenon, and said the shares should be sold. In spite of being strategically poised for recovery, with its focus on traditional areas of expertise, the current rating more than adequately reflects the prospects, added Smith.

Bid speculation once again provided spice to the composite insurers, with Royal Insurance and Guardian Royal both lifted by continued talk that either might be the target of a bid by Axa-Midi, the French insurance group. Royal advanced 7 to 430p while Guardian Royal gained 6 to 205p.

The oils sector eased as crude oil prices continued to fall following the US offer of talks on the Gulf crisis.

Burmah bucked the sector trend, adding 12 at 471p. Mr Steve Turner, an analyst at Smith New Court, said this was on the back of morning press comment suggesting that Burmah, which is bidding for Foseco, could itself become a takeover candidate at current trading levels for its shares.

A cool reception was given to a 27 per cent rise in first-half profits to £26.2m and an increase in the dividend to 2.5p from 2.25p by Westland. This is the first time the helicopter group has raised its dividend since payments resumed in 1987. While the profits increase was at the top of the range of analysts' expectations, a prolonged delay in a Ministry of Defence order for the company's EH101 helicopters kept praise for its business performance fairly muted, and Westland finished with a moderate rise of 3 at 105p. GKN, however, was able to benefit as a major shareholder in Westland and added 8 at 328p.

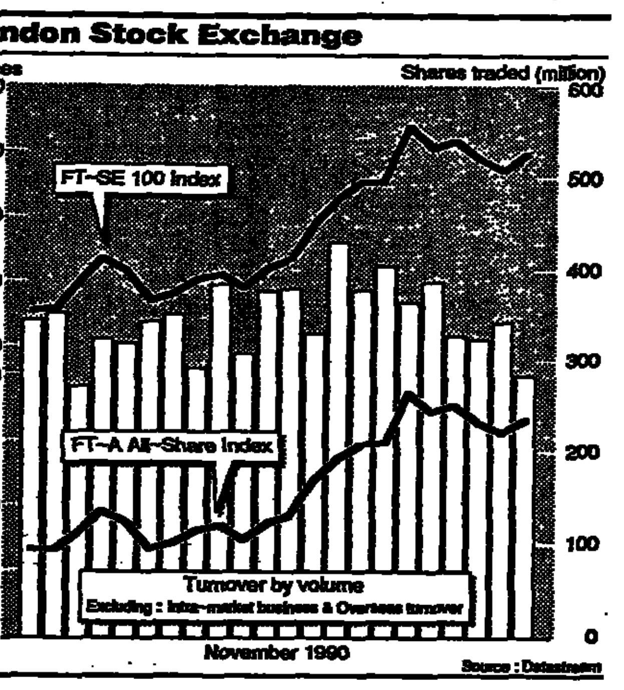
GEC was the focus of activity in the electrical sector ahead of its interim results, due today. Profits of £355m against £357m are expected by Hoare Govett. Mr Miles Saltiel of Hoare said GEC was likely to follow the recent trend of other FT-SE companies by raising its dividend by less than earnings growth. He estimated an interim dividend of 2.6p against 2.5p last time. GEC ended 2¾ lower at 185p.

Britain's largest unit trust group M & G rebounded from the year's low to finish 15 better at 368p. The dividend was increased by 36 per cent, while annual profits rose by 19 per cent to £35.7m.

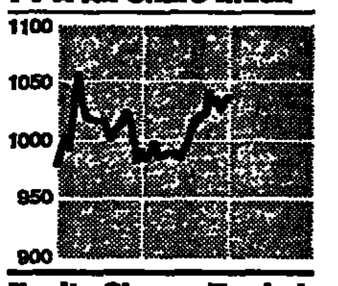
Eurotunnel closed unchanged at 318p after yesterday's deadline for subscriptions to its £530m rights issue. There have been fears the issue would be thinly subscribed, but dealers said they would have no clue about the level of take-up until processing of applications from Eurotunnel's widely-spread UK and French shareholders had progressed later in the week.

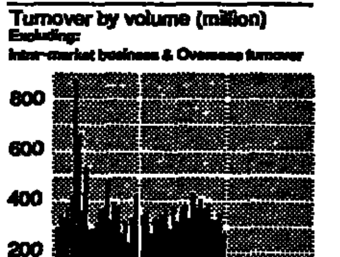
The slowdown in consumer spending continued to depress food manufacturing shares as securities houses downgraded more of the leading companies. Cadbury Schweppes were down 5 at 317p as brokers cut their current year forecasts by between £5m to £10m to £275m and next year's by £20m to £30m to a range of £310m to £315m. United Biscuits eased 2 to 306p as estimates were cut by around £3m to £195m to £198m and next year's by £5m to £210m to £215m. Hillsdown, however, the first in the recent batch of downgradings, improved 4 to 248p.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 33.



Domestic political turmoil in November was reflected in a share price rally in the second half of the month. But the levels of business transacted were barely affected, and were especially disappointing as recession worries and uncertainty over possible military conflict in the Gulf returned to dominate sentiment after the leadership of the Conservative party was decided.





NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (11).
BRITISH FUNDS (2) Treas. 10pc 2003 A, Treas. 6¼ pc Ln 1995-8, BUILDINGS (1) Prowting, CHEMICALS (1) Rentokil, STORES (1) Menzies, ELECTRICALS (1) Borland Intl., ENGINEERING (1) Kvaerner B, INDUSTRIALS (1) Boots, TRUSTS (2) City of Oxford Zero Pf., Scot. Nat. Zero Div Pf., WATER (1) Anglian Water.
NEW LOWS (85).
BANKS (1) Brown Shipley, BUILDINGS (3) Manders, Phoenix Timber, Turriff, STORES (3) Brown & Jackson, Mallett, Stirling, ELECTRICALS (6) Fujitsu, Mitel, Motorola, NFC, Renishaw, Thorpe (F.W.), ENGINEERING (3) Chamberlin & Hill, Tex, Wheway, HOTELS (1) Ryan Hotels, INDUSTRIALS (15) Assoc. Bus. Systems, Barry Wehmiller, Brompton, Brooks Service, Brown & Tawse, Burndene, Caparo Inds., Computer People, Continuous Stationery, Dyson (J. & J.), Fitzwilton, PCT, Proteus Intl., TLS Range, Whitecroft, LEISURE (2) HTV, Invicta Sound, Radio City A, PAPERS (1) Tinsley Robor, PROPERTY (5) BHH, Chesterfield Pf., Clayform Props., Derwent Valley, Wasegrade Ind., TEXTILES (2) Lamont, Palma, TRANSPORT (2) Norex, TIP Europe, TRUSTS (6) Drayton Cons., GT Venture Wrrnts., Helnia, London Tst Warrants, Martin Currie Pac. Warrants, Turkey Tst. Warrants, OILS (2) Edinburgh Oil & Gas, Santos, MINES (8) Anglesey Mining Warrants, Cons. Murch, Doornfontein, Free State Dev., Libanon, Monarch Res., Venterspost, Western Areas, THIRD MARKET (4) M.L. Labs., Mid-States, Sleepy Kids, Video Magic Leisure.

APPOINTMENTS

Lloyds Bank changes

■ LLOYDS BANK has appointed Mr Phil Nunnerley (*pictured*) as assistant general manager, retail banking, based at the new retail banking head office in Bristol. He was deputy regional executive director, north, and succeeds Mr Gordon Pell who has been appointed regional executive director for Thames Valley and South Midlands. Mr Pell succeeds Mr Peter Willison who has retired.

■ Mr Paul Downey has been appointed a director of NATIONAL MUTUAL LIFE ASSURANCE SOCIETY. He continues as the society's actuary.

■ GISSINGS has appointed Mr Norman Head as actuary. He was a partner with Hymans Robertson & Co.

■ Mr Nick Josephy has been made deputy managing director of ROWBOTHAM TANKSHIPS. He was trade director of P&O Bulk Carriers. Rowbotham Tankships is jointly owned by P&O Bulk Shipping and the American company Marine Transport Lines.

■ RUBERY OWEN-ROCKWELL, Wrexham, has appointed Mr Mike Bacon as operations director. He was managing director of the automotive division of Suter.

■ At MOUNTVIEW ESTATES Mr Christopher Maunder Taylor has become a director. He is a director and principal shareholder in Stock Page and Stock.

Mr Ken Langley has become company secretary of Mountview Estates in succession to Mr Duncan Sinclair who had continued as company secretary since he became chairman six months ago.

■ Mr Arthur Davidson, legal director of Associated Newspapers, will join the MIRROR GROUP in the New Year as director of legal services.

■ Mr Donald Anderson has been appointed head of corporate communications at COURTAULDS. He will retain his responsibilities for investor relations and economic affairs.

■ EATON TRUCK COMPONENTS - EUROPE has named Mr Alan E. Best to the new position of managing director, truck components, Europe. Mr Best, who has been managing director - operations, will be responsible for all European manufacturing, product engineering and business development activities.

Appointed director - truck components operations - Europe is Mr Joaquim J. Zuza, formerly Eaton's manager of axle operations - Europe.

BRAY TECHNOLOGIES, which makes gas and oil burners, has appointed Mr John Gardner (*pictured*) as chief executive. He has been an executive director of the group for 18 months and is managing director of subsidiary Heater Tubes.

■ From February 1 Mr Jeremy Franks, a member of the DAKS SIMPSON GROUP board, and managing director of DAKS-Simpson Ltd, and Simpson (Piccadilly), becomes managing director of DAKS-Simpson (Womenswear), and group managing director. Mr Johnny Mengers ceases to be group managing director, but continues his overall executive responsibility as group chairman. Mr Stephen Rose, a group director, deputy chairman of DAKS-Simpson, and managing director of DAKS-Simpson (Womenswear), retires in February.

■ BPB INDUSTRIES has appointed Mr Peter L. Herring, deputy managing director of BPB Paper & Packaging, to the parent company board.

■ DALGETY, food and agribusiness group, has appointed Mr E. Hugh R. Thomas as executive director - food, responsible for the consumer food businesses. He was senior vice president petcare at Nestlé.

■ Mr Colin Peters has been appointed director responsible for personnel and compliance, and Mr Doug Waggoner becomes director responsible for North American marketing at DUNEDIN FUND MANAGERS.

■ ERNEST GREEN AND PARTNERS HOLDINGS has appointed Mr Michael Moxon as deputy chief executive. He was managing director, Marley Europe, and was on the main board of Marley. Mr John Chadwick, Mr Michael Dean and Mr John Rivett, directors of subsidiary Ernest Green Partnership, join the main board.

FINANCIAL TIMES STOCK INDICES

	Dec 3	Nov 30	Nov 29	Nov 28	Nov 27	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	82.56	82.58	82.34	81.90	82.43	82.93	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ordinary Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Eurotrack 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Earning Yld %(full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
P/E Ratio(net)(*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
SEAQ Bargains 4.45pm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Equity Turnover(£m)†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Equity Bargains†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Shares Traded (mil)†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

Ordinary Share Index, Hourly changes: Open [illegible] — Day's High [illegible] — Day's Low [illegible]

FT-SE, Hourly changes: Open [illegible] — Day's High 2169.6 — Day's Low [illegible]

FT-SE Eurotrack 100, hourly changes: Open [illegible] — Day's High [illegible] — Day's Low [illegible]

GILT EDGED ACTIVITY

Indices*	Dec 3	Nov 30
Gilt Edged Bargains	150.0	147.9
5–Day average	157.4	162.3

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]		11.79	[illegible]
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]		5.84	[illegible]
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.08	[illegible]
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]		10.09	[illegible]
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]		11.05	[illegible]
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]		8.24	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]		12.58	[illegible]
[illegible]	[illegible]	Treas 10pc 1992	[illegible]		10.16	[illegible]
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]		8.31	[illegible]
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]		10.60	[illegible]
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.24	[illegible]
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	12.08	[illegible]
104	[illegible]	Exch 13½pc 1992	[illegible]		13.03	[illegible]
[illegible]	[illegible]	Treas 8¼pc 1993	[illegible]		8.72	[illegible]
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.22	[illegible]
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]		12.13	[illegible]
[illegible]	82	Funding 6pc 1993‡‡	[illegible]	[illegible]	6.56	[illegible]
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]		12.89	[illegible]
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]		9.08	[illegible]
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	[illegible]	13.19	[illegible]
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	12.61	[illegible]
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.24	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	11.95	[illegible]
[illegible]	85	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.55	[illegible]
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	11.57	[illegible]
87	73	Exch 3pc Gas 90-95	[illegible]		3.47	[illegible]
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]		10.49	[illegible]

Five to Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108	[illegible]	Treas 12¾pc 1995‡‡	[illegible]	[illegible]	11.92	[illegible]
[illegible]	[illegible]	Treas. 14pc '96	[illegible]		12.64	[illegible]
[illegible]	[illegible]	Treas. 9pc 1992-96‡‡	[illegible]		9.66	[illegible]
[illegible]	[illegible]	Treas 15¼pc 1996‡‡	[illegible]		13.09	[illegible]
[illegible]	[illegible]	Exch 13¼pc 1996‡‡	[illegible]	[illegible]	12.16	[illegible]
[illegible]	[illegible]	Conversion 10pc 1996	[illegible]		10.40	[illegible]
[illegible]	[illegible]	Treas 13¼pc 1997‡‡	[illegible]		12.08	[illegible]
[illegible]	[illegible]	Exch 10½pc 1997	[illegible]		10.69	[illegible]
[illegible]	[illegible]	Treas 8¾pc 1997‡‡	[illegible]	[illegible]	9.67	[illegible]
[illegible]	[illegible]	Exch 15pc 1997	[illegible]		12.70	[illegible]
[illegible]	[illegible]	Exch. 9¾pc 1998	[illegible]	[illegible]	10.31	[illegible]
[illegible]	[illegible]	Treas 6¾pc 1995-98‡‡	[illegible]	[illegible]	8.25	[illegible]
[illegible]	[illegible]	Treas. 15½pc '98‡‡	[illegible]	[illegible]	12.61	[illegible]
[illegible]	[illegible]	Exch. 12pc 1998	[illegible]	[illegible]	11.38	[illegible]
[illegible]	[illegible]	Treas 9½pc 1999‡‡	[illegible]	[illegible]	10.19	[illegible]
[illegible]	[illegible]	Exch. 12¼pc 1999	[illegible]	[illegible]	11.48	[illegible]
[illegible]	[illegible]	Treas. 10½pc 1999	[illegible]	[illegible]	10.71	[illegible]
[illegible]	[illegible]	Conversion 10¼pc 1999	[illegible]	[illegible]	10.63	[illegible]
[illegible]	[illegible]	Conversion 9pc 2000‡‡	[illegible]	[illegible]	9.98	[illegible]
[illegible]	[illegible]	Treas. 13pc 2000	[illegible]	[illegible]	11.69	[illegible]
[illegible]	[illegible]	Treas 10pc 2001	[illegible]	[illegible]	10.52	[illegible]
117	[illegible]	Treas. 14pc '98-01	[illegible]	[illegible]	12.25	[illegible]
[illegible]	[illegible]	Treas 9¾pc 2002	[illegible]	[illegible]	10.48	[illegible]
[illegible]	[illegible]	Treas. 13¾pc 2000-03	[illegible]	[illegible]	11.95	[illegible]
[illegible]	[illegible]	Treas 10pc 2003	[illegible]	[illegible]	10.53	[illegible]
[illegible]	[illegible]	Treasury 10pc 2003 "A"	[illegible]	[illegible]	10.53	[illegible]
[illegible]	[illegible]	Treas. 11½pc 2001-04	[illegible]	[illegible]	11.17	[illegible]
[illegible]	[illegible]	Funding 3½pc '99-04	[illegible]	[illegible]	6.46	[illegible]
[illegible]	[illegible]	Conversion 9½pc 2004	[illegible]	[illegible]	10.37	[illegible]
[illegible]	[illegible]	Conversion 9½pc 2005	[illegible]	[illegible]	10.37	[illegible]

Over Fifteen Years

Treas. 12½pc 2003-05; Treas. 8pc 2002-06‡‡; Treas. 11¾pc 2003-07; Treas 8½pc 2007 ‡‡; Treas. 13½pc '04-08; Treas. 9pc 2008 ‡‡; Treas 8pc 2009; Conv 9pc Ln 2011 ‡‡; Treas. 5½pc 2008-12‡‡; Treas. 7¾pc 2012-15‡‡; Exch. 12pc '13-'17 — prices and yields [illegible]

Undated

Consols 4pc; War Loan 3½pc‡‡; Conv. 3½pc '61 Aft; Treas. 3pc '66 Aft; Consols 2½pc; Treas. 2½pc — prices and yields [illegible]

BRITISH FUNDS—Contd

Index-Linked; INT. BANK AND O'SEAS; CORPORATION LOANS; COMMONWEALTH & AFRICAN LOANS; LOANS; Building Societies; Public Board and Ind.; FOREIGN BONDS & RAILS — [illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
23⅞	[illegible]	Chase Manhattan $12½	[illegible]	[illegible]	$1.20	–	21.6
19¼	524p	Chem Banking Corpn	[illegible]	+18	$1.00	–	8.6
12½	[illegible]	Chrysler $6¼	[illegible]	[illegible]	$1.20	–	9.9
18¼	[illegible]	Chicorp $1	[illegible]	[illegible]	$2.46	–	18.8
[illegible]	[illegible]	Colgate-Palmolive $1	[illegible]	[illegible]	$1.80	–	2.5

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5	£9½	+⅛	Q28%	2.1	8.8	5.3
303	135	ANZ $A1	137	+2	Q38c	♦	11.1	♦
233	172	Abbey National 10p	226	+1	5.7	4.3	3.4	9.2
*274	128	Allied Irish Ord	148xd	+1	†Q40%	3.3	6.1	6.7
85	47	Anglo Irish	57	.....	Q17.9%	♦	7.3	♦
93	61	Ansbacher (H.) 1p	61	.....	2.5	1.3	5.5	17.6
£71½	£32¾	Bancaire Ge Fr100	£49¼	+2¼	Q12¼%	–	2.7	–
£22⅛	£12⅞	Banco Bilbao Viz	£13¼	.....	Q49.1%	2.7	5.8	9.4
286	130	Bank Ireland Ir£1	147xd	+1	Q14.7%	2.9	8.9	5.2
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.)	350	.....	†15.0	–	5.7	–
129½	100	Bank Scotland	114½	+½	†4.55	3.4	5.3	7.3
100¼	83¼	Do. 9¼pc Irrd Pf	99	+½	9¼%	–	12.5	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	378	+8	†h19.57	3.5	6.9	5.2
22	10	Benchmark 20p	11	.....	0.75	–	9.1	–
335	222	Brown Shipley £1	222	–2	†12.0	2.2	‡	7.1
*435	285	Cater Allen £1	382xd	.....	F24.5	–	8.6	–
179	29	Chancery	39	.....	†9.0	2.7	‡	1.6
£23¼	£14	Commerzbk DM10	£16½	+⅛	Q18%	–	3.8	–
£13⅛	620	Dai Ichi KBk Y50	664	–49	Q17%	6.2	0.5	31.3
*£313⅝	£189¼	Deutsche Bk DM50	£213	+4¼	Q28%	–	2.2	–
£20⅞	£14⅝	Espirito Santo	£16½	+⅛	Q75c	5.1	2.3	8.5
253	166	First Nat. Fin. 10p	189	.....	13.0	2.1	9.2	6.5
121	82	FNFC 6.3pc Cv. Pf.	96	.....	6.3%	–	8.7	–
£13⅛	633	Fuji Bank Y50	846	+2	†Q17%	6.9	0.4	36.0
325	262	Gerrard & National	311	–1	19.0	–	8.1	–
154	80	Guinness Mahon 10p	88	.....	1.45	♦	2.4	♦
328	194	Hambros 20p	240	+5	†11.5	–	6.5	–
128	88	Do 7.5pc Cv Pf	97	.....	7½%	–	10.3	–
53½	29	HK & Shang. HK$2.50	31	+1	†hQ38c	–	8.2	–

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

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MOTORS, AIRCRAFT TRADES – Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

[illegible]

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	40.56	40.91	43.52	+0.46	6.30
Gilts & Fixed Int	6	108.6	108.6xd	115.2	-1.9	9.98
High Inc Equity	6	117.4	120.8	128.5	+0.4	4.94
Worldwide Bond	6	191.0	191.0xd	202.5	+1.2	7.41
Capital Growth						
American Growth	6	151.5	151.5	162.0	+2.5	1.19
Asian Pacific	6	93.50	95.51	101.6	+1.2	0.20
Assets & Earnings	6	143.7	147.3xd	156.7	+0.7	3.46
Capital Reserve Acc	0	99.80	99.80	99.93	+0.04	7.14
Capital Reserve Inc	0	83.88	83.88	83.99	+0.03	7.14
Comdty & Energy	6	73.83	73.83	78.96	-0.77	1.25
1992 Enterprise	6	54.69	56.06	59.63	+0.27	3.57
Euro Capital Acc	6	83.49	83.49	89.29	+0.64	1.34
Euro Capital Inc	6	80.17	80.17	85.74	+0.62	1.34
General	6	150.4	150.4xd	160.8	+0.6	3.11
Japan	6	80.07	80.07	85.63	-0.02	0.00
Mastertrust	6	75.43	75.43	80.67	-0.37	3.19
UK Growth Acc	6	135.4	135.4	144.8	+0.3	3.04
UK Growth Dist	6	87.53	87.53	93.61	+0.14	3.04
US Emerging Cos	6	41.82	41.82	44.72	-0.38	0.00
Income & Growth	6	261.6	261.6xd	279.7	-4.7	3.66
Ethical	6	40.73	41.90	44.57	+0.07	2.24
International	6	50.57	51.32	54.59	-0.40	0.92
Dividend & Growth	6	41.94	43.06	45.80	+0.11	4.91
Global Gwth & Sec	6	46.96	47.32	50.33	+0.05	1.99

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	24.66	24.66	26.14	+0.26	3.02
Cash	–	50.01	50.01xd	50.01	-0.33	13.75
European	5¼	67.21	67.21	71.28	+0.49	0.00
European Income	5¼	68.97	68.97xd	73.11	+0.47	1.69
Exempt	1	679.8	679.8	703.3	+4.2	3.32
Exempt Income	3¼	161.0	161.0	170.9	+1.1	4.96
Exempt American	3¼	291.9	291.9	303.5	+3.9	1.86
Exempt Pacific	3¼	177.6	177.6xd	185.1	+1.0	2.10
Extra Income	5¼	35.83	35.83xd	38.25	-0.25	6.49
Far East Emerg Gros	5¼	38.15	38.15	40.86	+0.44	1.57

Brown Shipley & Co Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Growth ♣	6	22.47	22.47xd	24.04	+0.34	0.29
Monthly Income	6	47.08	48.37	51.51	+0.46	4.85
North American	6	51.64	51.64	55.00	+0.90	0.40
Orient ♣	6	84.89	84.89	90.41	+0.47	–
PEP	5	47.62	47.62	50.00	....	5.00
Recovery	6	33.13	33.13xd	35.28	+0.20	1.75
Smaller Cos Acc	6	172.8	173.0	186.2	....	–
Smaller Cos Inc	6	104.4	104.5	112.4	....	3.19

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	164.3	164.3xd	170.6	....	6.92

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Gwth	5¼	43.32	43.32	45.92	+0.11	4.95
(Accum Units)	5¼	45.47	45.47	48.20	+0.11	4.95
Fellowship Tst ♥	5¼	48.92	49.92	53.11	+0.12	4.04
(Accum Units) ♥	5¼	51.97	53.03	56.42	+0.13	4.04
General Inc	5¼	238.1	238.1	252.4	+2.9	4.23
(Accum Units)	5¼	421.8	421.8	447.1	+5.0	4.23
Income	5¼	137.4	137.4	145.6	+1.8	5.29
(Accum Units)	5¼	285.2	285.2	302.3	+3.7	5.29
International ♥	5¼	82.82	82.82	87.79	-0.08	0.70
(Accum Units) ♥	5¼	114.4	114.4	121.3	....	0.70
Smaller Co's	5¼	79.12	79.12	83.87	+0.02	3.17
(Accum Units)	5¼	88.66	88.66	93.98	+0.02	3.17
Inv Portfolio ♥	3	45.42	45.42	47.01	+0.57	3.66
(Accum Units) ♥	3	48.27	48.27	49.96	+0.61	3.66
High Income Port ♥	3	40.35	40.35	41.76	....	6.11

Burrage Unit Tst Mangmt Ltd (0985)F
117 Fenchurch St, London EC3M 5AL 071-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Short Dated Gilt	1¼	60.51	60.51	61.39	+0.05	12.72

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCF Sel High Inc Eqty	5½	42.20	43.02	45.77	-0.71	6.11
CCF Sel High Inc Eq Acc	3	44.15	45.00	47.89	+0.37	5.97
CCF Sel Intl Gwth	5½	36.97	36.97xd	40.10	-0.02	0.00
CCF Sel Inv Tst	5½	41.80	43.79	46.59	+0.12	2.46
CCF Sel Inv Tst Acc	5½	42.36	44.36	47.22	+0.14	2.46
CCF Sel UK Sm Co's	5½	40.55	41.96	44.64	+0.08	2.25
CCF Sel UK Smlr Cos Acc	5½	40.86	42.27	44.98	+0.08	2.25

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 081-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	47.09	48.20	51.27	+0.33	2.86
Global Tst	5½	35.31	35.70xd	37.97	+0.37	0.35
Recovery Tst	5½	42.41	43.54	46.31	+0.32	1.92

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn, SE1 2QL 071-234 6000

Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 071-407 4404

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Newton Income	6	128.0	131.5	139.9	+0.8	6.70
Newton Global	6	188.8	193.0	205.4	+1.3	1.70
Newton General	6	90.90	93.25	99.20	+0.62	5.20

Norwich Union Tst Managers (1200)H
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PO Box 124	6	80.25	80.25	85.37	+1.08	3.89
Master Trust	6	90.88	92.37	98.27	+0.49	4.70
UK Equity†	6	90.13	91.71xd	97.56	+1.15	5.70
UK Equity Income	6	69.14	72.58	77.21	-0.32	4.79
UK Smaller Co's	6	84.75	86.35	91.86	+1.07	[illegible]

Schroder Unit Trusts Ltd (1400)F
36 Old Jewry, London EC2R 8BS
Public Dlg 071-606 8484 Broker Dlg 071-606 [illegible]

Retail Funds

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	129.4	129.7xd	138.3	+4.0	[illegible]
(Accum Units)	5¼	139.6	139.9	149.2	+4.3	[illegible]
Australian ♠	5¼	91.77	91.48	98.71	+1.5	[illegible]
(Accum Units) ♠	5¼	105.70	107.70	114.80	[illegible]	[illegible]
Enterprise	5¼	129.0	126.6	135.0	+0.8	[illegible]
(Accum Units)	5¼	133.2	135.0	143.9	+0.9	[illegible]
European Gwth	5¼	47.59	47.88	51.07	+0.13	[illegible]
(Accum Units)	5¼	49.27	49.57	51.80	[illegible]	[illegible]
Euro Smllr Cos	5¼	45.78	46.11	49.18	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071—379—0444.

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Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin: 0296 394000 Dealing: 0296 392156

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
American Eagle	5	60.02	60.02xd	64.06	+1.35	1.30
Australia	5	5.290	5.290	5.663	[illegible]	4.71
Equity	5	184.8	184.8	195.5	+1.20	4.95
Euro Spec Sits	5	95.42	95.42	102.4	+1.1	0.67
Financial	5	25.64	25.64	27.59	+0.86	5.41
Global Opps Inc	5	56.22	56.22xd	60.41	+0.75	0.00
Global Opps Acc	5	57.44	57.44	61.72	+0.75	0.00
Gold & Gen Inc	5	34.78	34.78xd	37.42	+0.06	1.07
Gold & Gen Acc	5	65.01	65.01	69.96	-0.12	1.07
Income	5	88.01	88.04xd	94.75	-0.76	6.75
Japan & General	5	105.2	105.2	113.1	+1.2	0.00
Preference Share	5	17.56	17.81	19.17	+0.03	13.94
UK Capital	5	78.77	78.77	84.69	+0.78	4.12
World Income	5	53.97	53.97	58.00	+0.79	6.07
Worldwide Capital	5	147.6	147.6	158.8	+1.7	3.44

Templeton Unit Trust Managers Ltd (1200)F
Athol Crescent, Edinburgh EH3 8HA 031 228 3932

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Global Growth Acc	6	92.22	92.80	99.25	+1.13	3.60
Global Growth Inc	6	88.60	89.16	95.36	+1.09	3.60
Global Balanced Acc	6	94.05	94.35	100.91	+0.6	4.60
Global Balanced Inc	6	87.78	88.06	94.18	+0.73	4.60
Value Tst Acc	6¼	68.94	69.92	74.78	+0.72	4.50
Value Tst Inc	6¼	65.88	66.82	71.47	-0.75	4.50
Intl Fen & Gilts Inc ♥	5	85.08	86.23	90.53	—	8.95
Intl Fen & Gilts Acc ♥	5	82.10	83.21	87.36	—	8.95

Thornhill Unit Trust Managers Ltd (1200)F
28 St John's Sq, London EC1M 4AE 071-251 6767

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Capital	5	46.90	47.16	50.17	—	—
Overseas	5	39.23	39.43	41.94	—	—
(Accum Units)	5	39.23	39.43	41.94	—	—

Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1M 0DH 071-493 7262
Dealing 071-493 8545

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
American Opps	5	41.69	41.69	44.46	+0.34	0.25
(Accum Units)	5	42.90	42.90	45.75	+0.35	0.25
Cash	0	51.31	51.31	51.32	+0.08	14.00
Accum Units	0	51.31	51.31	51.31	+0.08	14.00
European Opps ♦	5	54.95	54.95xd	58.59	+0.47	0.00

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Nov 28	36.8	38.2	—	2.79
Euro Expt Nov 28	46.4	48.1	—	2.57
Fixed Int Ex Nov 28	45.5	46.7	—	10.32
Japan Expt Nov 28	39.6	41.2xd	—	0.70
Managed Ex Nov 29	38.4	39.9xd	—	4.95
SE Asia Expt Nov 28	34.1	36.8	—	4.65
Sm Cos Expt Nov 28	28.2	29.6xd	—	6.07
UK Eqty Ex Nov 28	36.1	37.9	—	4.61

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Nov 6	589.8	632.5xd	—	5.89
Do Accum	656.0	703.2	—	5.89
Int Expt Nov 28	142.6	144.8	—	3.35
UK Index Nov 6	960.6	982.0	—	6.06
Do Accum	1016	1037	—	6.06
Convertible Nov 30	79.70	82.22	+5.09	8.54
World ex UK Index Nov 26	636.2	644.8	—	2.28
Do Accum	636.2	644.8	—	2.28
Japan Index Nov 26	520.1	527.7	—	0.54
Do Accum	521.1	528.6	—	0.54
USA Index Nov 26	728.9	733.7	—	3.51
Do Accum	739.2	743.9	—	3.51
Europe ex UK Index Nov 26	773.2	792.4	—	4.0
Do Accum	785.2	804.6	—	4.0
Pacific ex Jap Index Nov 26	715.9	736.9	—	5.48
Do Accum	729.4	749.7	—	5.48
Managed Exempt Nov 28	90.15	91.86	—	5.72
American Exempt Nov 28	98.28	99.83	—	4.41
European Exempt Nov 28	100.5	101.8	—	3.5
Japan Exempt Nov 28	98.44	99.67	—	0.36
Pacific Basin Nov 28	95.19	97.80	—	4.95

NM Rothschild Asset Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NC Managed	53.2	56.7	+0.5	4.28
NC Property	174.5	191.2	—	—

J. Rothschild Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Exempt Accum	119.6	120.4xd	+1.2	5.19

Stewart Ivory & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Sales PPP Oct 12	224.9	236.8	—	—

Closed to new business

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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National Provident Institution

Providence Capitol Life Assc. Co Ltd – Contd.

Royal Heritage Life Assurance Ltd – Contd.

Skandia Life Assurance Co Ltd – Contd.

Sun Alliance Group – Contd.

Windsor Life Assur Co Ltd

Sun Alliance International Life

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

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OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

	Bid Price	Offer Price	+ or −	Yield Gross
Baring Int Fund Managers Guernsey Ltd				
Mngd Portfolio (Dlr)	$9.58	10.19	−0.20	–
Mngd Portfolio (Stlg)	£3.60	3.85	−0.03	–
Sterling Currency Fund Ltd				
US Dollar		$14.60	+0.01	–
Sterling		£17.88	+0.01	–
Deutschemark		DM38.18	+0.01	–
Japanese Yen		Y3.813	.....	–
Managed	$41.92	44.01	+0.03	–
Dantrust Management (Guernsey) Ltd				
Dantrust Limited	DKr117.1	117.4	.....	–
Fipart-Cassell Fund Mngrs (Guernsey) Ltd				
Hambledon C & B Fd	SFr7.80	7.85	(d)	2.29
John Govett Mngmnt International Ltd				
Govett High Inc Gilt	£0.3510	0.3743	−0.0009	13.16
Govett Far East Inv	$0.867	0.927	+0.010	–
Energy & Resources	$0.670	0.716	+0.04	–
Hambros Fund Managers (CI) Ltd				
Japanese OTC	$8.4313	8.9849	.....	–
Havelet Throgmorton Mngmt Ltd				
Intl Inv–Stlg High Inc	£10.039	10.584	.....	10.09
Intl Inv–Intl High Inc	$48.813	51.398	.....	5.54
Henderson Admin. (Guernsey)				
Fund Res Portfolio	£0.908			–
Balanced Gwth $ Prtflo	$1.774	1.916	−0.001	–
Balanced Gwth £ Prtflo	£1.044	1.119	+0.003	–
Select Mkts $ Prtflo	$1.808	1.965	−0.006	–
Inc & Gwth £ Prtflo	$1.674	1.772	−0.010	–
High Income £ Prtflo	£0.602	0.602	−0.001	–
Hill Samuel Fd. Mngrs. (Guernsey) Ltd				
Guernsey Tst	66.10	70.69	−0.11	2.83
Kleinwort Benson Intl Fd Mngrs Ltd				
KB Int.Ac Bd.Acc*	£8.667	9.129	.....	–
KB Japan Fund		5206.45	.....	–

*Offer price inclusive of maximum preliminary charge

	Bid Price	Offer Price	+ or −	Yield Gross
Kleinwort Benson Islamic Fd Mgmt Ltd				
Islamic Fund	$5.70	6.10	.....	0.43
Lazard Fund Managers (CI) Ltd				
Lazard Cap Gwth Bond	$2870.28	3081.96	+6.94	7.8
Lazard Csr Acc Fd £	£18.83	18.84	+0.05	13.5
Lazard Csr Acc Fd US$	$14.70	14.71	+0.02	6.9
Lazard Csr Acc Fd Y	Y3.820	3.830	.....	6.9
Lazard Csr Acc Fd DM	DM51.54	51.55	+0.07	7.9
Lazard Csr Acc Fd SF	SFr37.19	37.20	+0.05	7.1
Lazard Csr Acc Fd FF	FFr158.83	158.84	+0.26	8.75
Lazard Csr Acc Fd Man	$15.63	16.42	+0.07	–
Lazard D'Hed Bnd (Inc)	$19.52	20.56	.....	8.15
Lazard D'Hed Bnd (Acc)	$25.05	26.38	.....	–
Lazard European Fund	$45.25	47.95	.....	1.0

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Capital House Fund Mgrs—Contd.						
Bonds						
Sterling Bond	5	£1.427	1.417	1.494	[illegible]	–
International Bond	5	$1.830	1.830	1.930	[illegible]	–
Currencies						
£ Sterling	0	£24.93	24.93		[illegible]	14.23
US$	0	$18.95	18.95		+0.01	6.51
Japanese Yen	0	Y3,612	3,612		+2.0	6.52
D Marks	0	[illegible]	38.26		+0.03	6.76
Swiss Francs	0	[illegible]	51.21		+0.02	6.47
Fr Francs	0	[illegible]	229.1		+0.2	7.23
Ecu's	0	[illegible]	27.24		+0.02	8.53
Managed						
Intl Portfolio	5	$1.612	1.634	1.734	[illegible]	–
Managed Currency	5	$2.084	2.084	2.194	−0.02	–
Gartmore Fund Managers International Ltd						
PO Box 278, 45 La Motte St., Jersey 0534 27535						
Capital Strategy Fund Ltd (a)						
American Fd		$–	1.425		[illegible]	–
Canadian Fd		C$–	0.7970		[illegible]	1.00
British Fund		£–	2.269		[illegible]	3.00
European Fund		DM–	5.171		[illegible]	–
Eastern European		DM–	4.384		[illegible]	–
Asia Pacific Fd		$–	1.864		[illegible]	–
Japan Fund		Y–	554.0		−1.0	–
Australasian Fd		A$–	0.3058		[illegible]	1.00
Global Resources		$–	0.7463		[illegible]	0.70
Emerging Mkts Fd		$–	.9257		[illegible]	0.50
Int Growth Fund		$–	2.741		[illegible]	0.20
Sterling Bond Fd		£–	1.022		.....	10.39
ECU Bond Fund		Ecu–	0.9709		[illegible]	9.04
Int Bond Fund		$–	1.268		[illegible]	6.65
Global Conv Bd Fd		$–	17.15		+0.07	1.48
US$ Deposit Fd		$–	2.054		.....	6.87
Sterling Deposit Fd		£–	1.002		.....	13.14
French Franc Dep Fd		FFr–	10.69		.....	8.61
Swiss Fr Dep.		SFr–	5.290		[illegible]	7.18
DM Deposit Fd		DM–	5.264		.....	7.17
Yen Deposit Fd		Y–	524.7		.....	6.81
Aust. Dlr Deposit Fd		A$–	1.102		[illegible]	11.34
John Govett (Channel Islands) Ltd (1000)F						
PO Box 443, St. Helier, Jersey 0534 75141						
Govett Fixed Fund Ltd						
Global Equity	5½	$8.91	8.91	8.99	−0.02	1.0
Global Bond	5½	$10.12	10.12	10.17	−0.02	7.5
Global Currency	5½	$10.02	10.02	10.03	−0.05	8.5
Global Balanced	5½	$9.25	9.25	9.32	−0.02	3.0
Dollar Cash	5	$9.30	9.30	9.33	+0.01	8.5
European Bond	5	[illegible]	12.58	12.63	+0.01	7.0
Dollar Bond	5	$9.57	9.57	9.61	−0.03	8.0
Government Bond	5	$9.82	9.82	9.85	−0.01	8.0
Sterling Cash	5	£4.93	4.93	4.95	+0.01	13.0

	Bid Price	Offer Price	+ or −	Yield Gross
GT Management Plc—Contd.				
GT Newly Ind Cs Fd (z)	$24.19		.....	2.0
GT Select Bd Fd (z)	–			–
GT Technology Fd (z)	$31.95		+0.12	–
GT US Small Cs Fd (z)	$7.19		+0.09	–
GT US Small Cos (z)	$12.88		+0.15	–
GT Dmeral Bnd (Setl)	$–		[illegible]	–
GW Investment Mngmt Ltd				
GW Guaranteed Futures Ltd–Ser 1 NAV July 31 US$9.13				
Gaia Currency Funds				
Gaia Hedge I	$218.92	229.70	.....	–
Gaia Hedge II	$272.86	276.00	.....	–

	Bid Price	Offer Price	+ or −	Yield Gross
Newport International Management				
Npt. Intl Securities	$39.30		.....	–
Npt Intl Inc. Fd	$21.42			–
Npt Pacific	$23.62		.....	–
Nomura Warrant Fund 1990 Ltd				
NAV	$4.05			–
North Star Fund Managers (Cayman) Ltd				
Invest Fund	DKr281.0	282.0	.	–
Low Risk Fund	DKr221.0	222.0	.	–
High Perf Fund	DKr266.3	267.0	.....	–
Bond Fund	[illegible]	165.0	.	–
Second Low Risk Fd	[illegible]	175.0	.....	–

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and D-Mark advance

THE DOLLAR was firm as attention switched back to the Gulf and a fear of a war involving Iraq against the US and its allies. Mr Richard Cheney, US defence secretary, said reliance on sanctions alone, without a threat of war, would risk failure in trying to force Iraq out of Kuwait.

This threat encouraged some firming of oil prices, but despite concern about the impact on a weak US economy had little impact. Technical support for the dollar was provided by end of year buying, and there was also increased demand after a US Treasury report suggested that efforts to cut the trade deficit should not rely primarily on adjustments of currency rates.

A fall in the US National Association of Purchasing Managers index to 41.3 per cent last month, from 43.4 per cent in October, tended to confirm the weakness of the economy. It was below forecasts of around 42.8 per cent, but did not hit the dollar.

As expected, the Federal Reserve added money to the New York banking system, via three-day system repurchase agreements. Federal funds were trading at 7 5/8 per cent at the time, slightly above the assumed target of 7½ per cent.

At the close of trading in London the dollar had advanced to DM1.5135 from DM1.5005; to Y134.40 from Y133.10; to SFr1.2925 from SFr1.2770; and to FFr5.1150 from FFr5.0675. On Bank of England figures the dollar's index rose to 61.4 from 61.2.

Sterling was depressed by the strength of the dollar and demand for the D-Mark after the victory of Chancellor Helmut Kohl's Christian Democrat-led coalition in German parliamentary elections on Sunday.

The pound lacked fresh factors and was not under any pressure, but remained the weakest member of the European Monetary System. It fell 2.05 cents to $1.9190 and also declined against most other major currencies, weakening to DM2.9050 from DM2.9100; to FFr9.8150 from FFr9.8275; and to Y258.00 from Y258.25, but improving to SFr2.4800 from SFr2.4775. Sterling's index fell 0.3 to 93.7.

The D-Mark and other members of the EMS exchange rate mechanism linked closely to the German currency were firm. Belgian and Dutch interest rates have tended to drift higher recently, as a result of trends in German rates. This produced higher official Belgian and Dutch central banks on Friday. Apart from the Spanish peseta, the Belgian franc, D-Mark and Dutch guilder were the strongest members of the ERM yesterday.

Interest rate factors continued to support the peseta and in Madrid the Bank of Spain left its important money market intervention rate unchanged at 14.65 per cent yesterday. In Milan the Bank of Italy sold Ecu140m at the fixing, when the D-Mark rose to L752.00 from L750.67.

£ IN NEW YORK

Dec.3	Latest	Previous Close
£ Spot	1.9145-1.9155	1.9430-1.9440
1 month	0.94-0.92pm	0.83-0.82pm
3 months	2.42-2.39pm	2.33-2.30pm
12 months	7.60-7.52pm	7.40-7.30pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.3	Previous
8.30 am	93.8	94.0
9.00 am	93.8	94.0
10.00 am	93.8	94.0
11.00 am	93.9	94.1
Noon	93.8	94.1
1.00 pm	93.8	94.1
2.00 pm	93.7	94.1
3.00 pm	93.7	94.2
4.00 pm	93.7	94.0

CURRENCY RATES

Dec 3	Bank rate %	Special * Drawing Rights	European † Currency Unit
[illegible]			0.705120
			1.36028
			1.58597
			14.4111
			42.3491
			7.86114
			2.04911
			2.31135
			6.92194
			1540.26
			182.876
			8.00872
			[illegible]

† European Commission Calculations.
* All SDR rates are for Nov 30

CURRENCY MOVEMENTS

Dec 3	Bank of England Index	Morgan Guaranty Changes %
[illegible]		

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Nov.30

OTHER CURRENCIES

Dec 3	£	$
[illegible]		
Hong Kong	15.0050 - 15.0190	7.8035 - 7.8055
Iran	126.00*	63.50*
Korea(Sth)	1378.90 - 1401.10	710.20 - 715.80
Kuwait	N/A	N/A
Luxembourg	59.70 - 59.80	31.10 - 31.20
Malaysia	5.1875 - 5.2000	2.6985 - 2.7005
Mexico	5659.20 - 5682.15	2939.00 - 2949.00
N.Zealand	3.1470 - 3.1520	1.6365 - 1.6395
Saudi Ar.	7.2655 - 7.3070	3.7490 - 3.7510
Singapore	3.3120 - 3.3195	1.7200 - 1.7220
S.Af (Cm)	4.8555 - 4.8675	2.5310 - 2.5340
S.Af (Fn)	6.5945 - 6.7100	3.4365 - 3.4965
Taiwan	52.70 - 52.80	27.20 - 27.25
U.A.E.	7.1165 - 7.1570	3.6720 - 3.6740

* Selling rate

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9185 - 1.9360	1.9185 - 1.9195	0.93-0.91cpm	5.75	2.43-2.39pm	5.02
Ireland†	1.7655 - 1.7830	1.7655 - 1.7665	0.27-0.22cpm	1.66	1.07-0.97pm	2.31
Canada	1.1640 - 1.1665	1.1650 - 1.1660	0.35-0.39cdis	-3.81	1.02-1.07dis	-3.59
Netherlands	1.6855 - 1.7080	1.7070 - 1.7080	0.05-0.08cdis	-0.46	0.34-0.38dis	-0.84
Belgium	30.90 - 31.25	31.10 - 31.20	2cdis-3cpm	0.19	3-7dis	-0.64
Denmark	5.7315 - 5.7990	5.7850 - 5.7900	0.65-0.85oredis	-1.56	2.65-3.25dis	-2.04
Germany	1.4940 - 1.5145	1.5130 - 1.5140	0.07-0.09pfdis	-0.63	0.35-0.38dis	-0.96
Portugal	132.35 - 132.85	132.75 - 132.85	58-68cdis	-5.69	220-250dis	-7.08
Spain	94.95 - 96.05	95.90 - 96.00	48-52cdis	-6.25	139-149dis	-6.00
Italy	1123.00 - 1138.50	1137.50 - 1138.00	4.00-4.50liredis	-4.48	10.70-11.80dis	-3.96
Norway	5.8340 - 5.9115	5.8975 - 5.9025	1.25-1.60oredis	-2.90	4.45-4.95dis	-3.19
France	5.0470 - 5.1175	5.1125 - 5.1175	0.56-0.61cdis	-1.37	2.17-2.27dis	-1.74
Sweden	5.6040 - 5.6550	5.6475 - 5.6525	2.85-3.20oredis	-6.42	8.95-9.50dis	-6.53
Japan	132.80 - 134.75	134.35 - 134.45	0.04-0.01ypm	0.22	0.04-0.01pm	0.07
Austria	10.5100 - 10.6140	10.5900 - 10.5950	0.35-0.80grdis	-0.65	1.60-2.80dis	-0.83
Switzerland	1.2745 - 1.2945	1.2920 - 1.2930	0.01-0.04cdis	-0.23	0.16-0.21dis	-0.57
Ecu	1.3605 - 1.3770	1.3640 - 1.3650	0.19-0.16cpm	1.54	0.68-0.62pm	1.91

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9185 - 1.9360	1.9185 - 1.9195	0.93-0.91cpm	5.75	2.43-2.39pm	5.02
Canada	2.2360 - 2.2565	2.2385 - 2.2395	0.38-0.32cpm	1.88	0.58-0.49pm	0.96
Netherlands	3.2705 - 3.2825	3.2725 - 3.2825	1½-1⅜cpm	5.26	3½-3¼pm	4.12
Belgium	59.70 - 60.15	59.70 - 59.80	33-22cpm	5.52	69-59pm	4.28
Denmark	11.0975 - 11.1745	11.1000 - 11.1100	4-3⅝orepm	4.12	8¼-7⅝pm	2.88
Ireland	1.0820 - 1.0930	1.0875 - 1.0885	0.33-0.28cpm	3.36	0.82-0.70pm	2.79
Germany	2.8980 - 2.9075	2.9025 - 2.9075	1¼-1⅛pfpm	4.91	3-2¾pm	3.96
Portugal	254.30 - 256.00	254.60 - 255.60	44-64cdis	-2.54	140-200dis	-2.67
Spain	183.75 - 185.00	183.80 - 184.10	4-13cdis	-0.55	44-57dis	-1.10
Italy	2177.25 - 2188.00	2182.75 - 2183.75	3-1lirepm	1.10	7-4pm	1.01
Norway	11.3060 - 11.3820	11.3175 - 11.3275	2⅞-2⅛orepm	2.78	5¼-4⅝pm	1.74
France	9.7975 - 9.8225	9.8100 - 9.8200	3⅝-3⅜cpm	4.28	8-7⅝pm	3.18
Sweden	10.8375 - 10.8950	10.8375 - 10.8475	¼-1¼oredis	-1.04	4½-5dis	-1.75
Japan	257.50 - 259.00	257.50 - 258.50	1⅜-1¼ypm	5.81	3¼-3pm	4.84
Austria	20.37 - 20.45	20.37 - 20.40	9⅝-8gropm	5.04	22-9⅜pm	3.08
Switzerland	2.4770 - 2.4860	2.4775 - 2.4825	1¼-1cpm	5.44	2¾-2⅝pm	4.33
Ecu	1.4085 - 1.4125	1.4095 - 1.4105	0.46-0.42cpm	3.74	1.08-1.00pm	2.95

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.36-4.31cpm . 12 Month 7.60-7.50cpm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 3	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.169	-2.59	3.87	46
D-Mark	2.05586	2.04911	-0.33	1.51	23
Dutch Guilder	2.31643	2.31135	-0.22	1.40	13
Belgian Franc	42.4032	42.3491	-0.13	1.31	8
Irish Punt	0.767417	0.768028	0.08	1.10	-2
Italian Lira	1538.24	1540.26	0.13	1.05	-4
Danish Krone	7.84195	7.86114	0.24	0.93	-9
French Franc	6.89509	6.92194	0.39	0.79	-19
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Dec 3	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]						

Long term Eurodollars: two years 8⅛-8¼ per cent; three years 8¼-8⅜ per cent; four years 8⅜-8½ per cent; five years 8½-8⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec 3	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.919	2.905	258.0	9.815	2.480	3.277	2183	2.239	59.75
$	0.521	1	1.514	134.4	5.115	1.292	1.708	1138	1.167	31.14
DM	0.344	0.661	1	88.81	3.379	0.854	1.128	751.5	0.771	20.57
YEN	3.876	7.438	11.26	1000.	38.04	9.612	12.70	8461	8.678	231.6
F Fr.	1.019	1.955	2.960	262.9	10.	2.527	3.339	2224	2.281	60.88
S Fr.	0.403	0.774	1.171	104.0	3.958	1	1.321	880.2	0.903	24.09
H Fl.	0.305	0.586	0.886	78.73	2.995	0.757	1	666.2	0.683	18.23
Lira	0.458	0.879	1.331	118.2	4.496	1.136	1.501	1000.	1.026	27.37
C $	0.447	0.857	1.297	115.2	4.384	1.108	1.464	975.0	1	26.69
B Fr.	1.674	3.212	4.862	431.8	16.43	4.151	5.485	3654	3.747	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

[illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

[illegible]

LIFFE EURODOLLAR OPTIONS $1m points of 100%

[illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100%

[illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

US TREASURY BONDS 8% $100,000 32nds of 100%

[illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

	Close	High	Low	Prev.
Dec	83.24	83.71	83.18	83.10
Mar	83.15	83.63	83.08	83.04
Jun	83.12	83.30	83.25	82.98

Estimated volume 68086 (51224)
Previous day's open int. 100348 (101395)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Dec	93.62	93.75	93.50	92.97
Mar	93.78	93.90	93.75	93.13

Estimated volume 37 (254)
Previous day's open int. 830 (854)

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
Dec	86.72	86.83	86.69	86.80
Mar	88.18	88.31	88.15	88.27
Jun	88.87	88.93	88.84	88.91
Sep	88.96	89.02	88.96	89.03
Dec	88.99	89.04	88.97	89.04
Mar	88.77	88.79	88.76	88.81
Jun	88.75	88.73	88.73	88.77
Sep	88.67	88.70	88.65	88.70
Dec	88.78	88.78	88.77	88.80
Mar	88.76	88.76	88.76	88.79
Jun	88.75			88.78
Sep	88.75			88.78

Est. Vol. (inc. figs. not shown) 28978 (41955)
Previous day's open int. 155630 (162863)

THREE MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
Dec	91.82	91.83	91.80	91.78
Mar	92.36	92.38	92.35	92.29
Jun	92.53	92.56	92.52	92.44
Sep	92.50	92.53	92.50	92.41
Dec	92.23	92.27	92.25	92.17
Mar	92.13	92.15	92.15	92.07
Jun	91.90			91.85
Sep	91.74			91.72

Est. Vol. (inc. figs. not shown) 4419 (5999)
Previous day's open int. 45325 (45279)

THREE MONTH EUROMARK DM 1m points of 100%

	Close	High	Low	Prev.
Dec	90.76	90.80	90.75	90.77
Mar	90.85	90.92	90.85	90.86
Jun	90.96	91.00	90.97	90.97
Sep	91.05	91.08	91.05	91.05
Dec	91.10	91.10	91.10	91.08
Mar	91.10			91.08
Jun	91.10			91.08
Sep	91.10			91.08

Estimated volume 8794 (10546)
Previous day's open int. 78250 (78459)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	89.68	89.72	89.72	89.67
Mar	90.09	90.08	90.08	90.08
Jun	90.27			90.26
Sep	90.37			90.36

Estimated volume 42 (221)
Previous day's open int. 1715 (1720)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
Dec	2196.0	2203.0	2183.0	2173.0
Mar	2229.5	2235.0	2223.0	2206.5
Jun	2265.0			2242.0

Estimated volume 4680 (3197)
Previous day's open int. 27943 (27940)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9190	1.9098	1.8949	1.8757	1.8435

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.9184	1.9244	1.9150	1.9376
Mar	1.8950	1.9014	1.8900	1.9154
Jun	1.8978	-	1.8850	1.8978

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Dec	91.82	91.83	91.81	91.78
Mar	92.35	92.37	92.35	92.30
Jun	92.54	92.57	92.54	92.47
Sep	92.51	92.53	92.50	92.44
Dec	92.25	92.26	92.23	92.18
Mar	92.12	92.16	92.12	92.08
Jun	91.89	91.93	91.89	91.85
Sep	91.72	91.78	91.72	91.70

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.7736	0.7757	0.7720	0.7829
Mar	0.7725	0.7742	0.7704	0.7815
Jun	0.7702	0.7730	0.7700	0.7805
Sep	0.7785	-	-	0.7785
Dec	0.7775	-	-	0.7775

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Dec	324.85	325.50	324.75	324.05
Mar	327.70	328.40	327.45	326.75
Jun	331.20	331.70	330.65	329.75

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
1.825	10.00	10.00	10.14	10.14	-	0.47	1.30	1.91
1.850	7.50	7.72	8.04	8.13	0.08	0.96	1.95	2.57
1.875	5.12	5.71	6.22	6.48	0.31	1.53	2.69	3.51
1.900	3.07	4.02	4.67	4.99	0.85	2.55	3.76	4.66
1.925	1.55	2.69	3.43	3.80	1.85	3.55	5.09	6.04
1.950	0.74	1.82	2.45	2.83	3.38	5.11	6.65	7.61
1.975	0.27	1.12	1.80	2.05	5.42	6.92	8.41	9.34

Previous day's open int: Calls 345,206 Puts 391,654 (All currencies)
Previous day's volume: Calls 33,998 Puts 36,991 (All currencies)

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Close	Change	High	Low	Yield	Open int.
December	100.52	100.28	+0.54	100.52	100.24	9.95	47,305
March	100.54	100.32	+0.56	100.54	100.28	9.95	23,465
June	100.54	100.38	+0.62	100.54	100.32	9.94	6,251
September	-	-	-	-	-	9.98	276

Estimated volume 84,008 Total Open Interest 77,297

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls Sept.	Puts March	Puts June	Puts Sept.
98	2.81	-	-	0.51	0.93	-
99	2.08	-	-	0.77	1.24	-
100	1.42	1.98	-	1.10	1.63	-
101	0.92	1.48	-	-	2.09	-
102	0.54	-	-	2.17	-	-
103	0.30	-	-	-	-	-
Open int	87,524	13,736	0	91,157	12,131	513

Estimated volume 39,557 Total Open Interest 205,061

THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
December	89.99	89.95	+0.02	89.99	89.92	10.04	16,610
March	90.10	90.11	+0.02	90.17	90.09	9.89	16,470
June	90.18	90.14	+0.02	90.18	90.12	9.87	2,391
September	90.12	90.12	+0.04	90.12	90.12	9.88	1,401

Estimated volume 6,819 Total Open Interest 36,872

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
December	1647.0	1661.0	+45.0	1665.0	1645.0	2,321
January	1655.0	1663.0	+37.0	1669.0	1655.0	7,308
February	1665.0	1665.0	-	1665.0	1665.0	297
March	-	-	-	-	-	210

Estimated volume 6,786 Total Open Interest 10,136

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	14
Benchmark Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm. Bk. of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Short sterling down

THERE WAS little change in interest rates on the London money market yesterday as dealers continued to weigh up the implications of the pound's weak position in the European exchange rate mechanism against the possibility that the UK economy is in recession.

The main feature was selling of short sterling futures on the Liffe market, against a background of fading hopes about cuts in UK bank base rates. The earliest realistic estimate of a rate cut is December 14, on publication of the November UK retail price index.

UK clearing bank base lending rate 14 per cent from October 8, 1990

This is expected to show a significant fall in the annual rate of inflation, but it is only a few days before expiry of the December short sterling contract on December 19, and therefore leaves little room for manoeuvre on the contract.

December short sterling opened little changed at 86.81 yesterday, but closed near the bottom of the day's range at 86.71, compared with 86.80 on Friday. Nevertheless, dealers pointed out that if there is no reduction in base rates before delivery the present level of the cash market points to a price of under 86.50 at December delivery. As time goes by without a cut the market will be looking at technical support levels and the next test is likely to be at around 86.66.

On the cash market three-month sterling interbank was quoted at 13 13/16-13⅝ per cent against 13¾-13⅝ last Friday, but 12-month money rose slightly to 12½-12⅜ from 12 7/16-12 5/16 per cent.

A day-to-day credit shortage of around £150m was initially forecast for the London money market. but this was revised to £100m in the afternoon. The Bank of England did not intervene on the bill market during the day but provided late help of £105m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £788m, with bank balances below target absorbing £95m. These outweighed exchequer transactions adding £155m to liquidity and a fall in the note circulation of £580m.

In Frankfurt call money eased slightly to 8.45 from 8.50 per cent as the Bundesbank added liquidity to the domestic money market via currency swaps and by money provided from public authorities under section 17 of the Bundesbank act. The currency swaps expire on Friday and the section 17 money is expected to be repaidearlier this week.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.3) 3 months US dollars		6 months US Dollars	
bid 8 3/16	offer 8 5/16	bid 8	offer 8⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

(Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.31	Three year	7.64
Broker loan rate	9½	Two month	7.29	Four year	7.79
Fed funds	7 5/16	Three month	7.27	Five year	7.87
Fed.funds at intervention	-	Six month	7.36	Seven year	8.13
		One year	7.30	10-year	8.20
		Two year	7.51	30-year	8.34

Dec.3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.40-8.50	8.90-9.10	8.90-9.10	8.90-9.10	8.95-9.15	8.50
Paris	10-10⅛	9⅞-9⅞	9⅞-10	10-10⅛	10 1/16-10 3/16	9.25
Zurich	7⅜-7⅝	8¾-9	-	8⅝-8⅞	-	-
Amsterdam	8.75-8.88	8.87-9.02	-	9.86-9.04	-	-
Tokyo	7 13/16-8	8¼-8⅜	-	8⅜-8⅜	-	-
Milan	11½-11⅝	13⅞-14	-	13⅝-13⅞	-	-
Brussels	6.35	8⅞-9	-	9⅛-9⅞	-	-
Dublin	10-10⅛	10⅜-10½	10 5/16-10 11/16	10⅜-10⅛	10⅞-11	-

LONDON MONEY RATES

Dec. 3	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14⅛	14⅛	14⅛	13 7/8	13	12½
Interbank Bid	13¾	14	14	13¾	12⅞	12⅜
Sterling CDs	-	-	14 1/16	13 13/16	12 15/16	12⅜
Local Authority Deps.	14⅛	14⅛	14 1/16	13⅝	13	12½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14½	14⅛	13⅞	13	-	-
Company Deposits	-	-	14⅛	13⅞	13	12⅜
Finance House Deposits	-	-	14 1/16	13 13/16	13	12 7/16
Treasury Bills (Buy)	-	-	13⅝	12 13/16	-	-
Bank Bills (Buy)	-	-	13 13/16	12 13/16	12⅛	-
Fine Trade Bills (Buy)	-	-	14 7/32	13 7/32	12⅝	-
Dollar CDs.	-	-	8.60	8.25	8.05	8.00
SDR Linked Dep. Offer	-	-	9	9⅛	9⅛	9⅛
SDR Linked Dep. Bid	-	-	8¾	9	8 13/16	8 13/16
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅛	10 3/16
ECU Linked Dep. Bid	-	-	9¾	10⅛	10⅛	10 1/16

Treasury Bills (sell); one-month 13 17/32 per cent; three months 12⅞ per cent; six months 12¼ per cent; Bank Bills (sell); one-month 13⅝ per cent; three months 12 23/32 per cent; Treasury Bills; Average tender rate of discount 12.6947 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 1 ,1990 . Agreed rates for period Dec 26,1990 to Jan 25 , 1991, Scheme I: 14.59 p.c., Schemes II & III: 14.87 p.c. Reference rate for period Nov 30,1990 to Nov 30 , 1990, Scheme IV&V: 13.698 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from December 1 , 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8,1989 , Deposits withdrawn for cash 5 per cent.

LEGAL NOTICES

ZENITH ELECTRIC CO LIMITED

Registered number: 1825225
Trading name(s):- Zenith Smith Hobson
Nature of business: Power Control and Transformer Manufacturers
Trade classification: 07
Date of appointment of joint administrative receivers: 16 November 1990
Name of person appointing the joint administrative receivers: Lloyds Bank plc
N R B Godden and Marcos Pallos
Joint Administrative Receivers
(Office holder nos 2403 and 5701) of Cork Gully
Oriel House
55 Sheep Street
Northampton

Proclamation

INTERNATIONAL PARTICIPATION CORPORATION I.P.C.
Egertastrasse 15, 9490 VADUZ/ LIECHTENSTEIN

As per resolution of the General Meeting our company has gone into liquidation. Any creditors are hereby requested to notify the liquidator of their claims.
Vaduz, 22nd November 1990
The Liquidator

CLUBS

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,410 Set by FETTLER

ACROSS

1 Not getting attention, see diner go off (7)
5 Sheltered islands (7)
9 Swan's hiding, about to clean feathers (5)
10 Passed through a rustic river (9)
11 Such gains are said to be poorly won (3-6)
12 The landlord has no primary right to come in (5)
13 Finger or toe – get it? (5)
15 Overactive partner no longer summonable (9)
18 Uncommon Edward Shriver? (9)
19 The old people's country (5)
21 With less sun I'm regressing (5)
23 Roll verge after translating the creeper (9)
25 To root out ITA, expert arrangement is required (9)
26 Firm lacking direction is fairly flat (5)
27 Bore, in consequence, is exceptionally rude (7)
28 Crime can rely on being crooked (7)

DOWN

1 It's suggested I told untruths about the representative (7)
2 Annoy hit-man and his weapon's revealed (6-3)
3 Musical piece, retrospectively, is in neither good nor bad taste (5)
4 Unquestionably, bustles do titillate (9)
5 Left port with a lot of cargo (5)
6 Truly, this bird (when out of home) gets the worm (9)
7 Sound alarm later perhaps (5)
8 Washout is greeted with frustration (7)
14 One keeping accounts is more certain after rate adjustment (9)
16 Polyp covers small entry with substance (9)
17 Confusion's been endless, so this worker's wild (6-3)
18 For the DJ it's audibly like "Pop Français" (7)
20 Place for training railwaymen on the Kent line (7)
22 Well known and not edited (5)
23 Pop's pop – and without the blurb it's great (5)
24 Feast with no seconds for the diner (5)

Solution to Puzzle No.7,409

S	T	R	I	P	P	E	R		C	H	A	S	E	D
T		E		E		X		A		I		P		E
A	G	A	I	N		P	A	N	E	G	Y	R	I	C
F		N		N		L		G		H		I		O
F	A	I	R	Y	T	A	L	E		L	A	G	E	R
S		M		I		I		L		Y				A
	C	A	N	N	O	N		S	A	C	K	B	U	T
O		T		T						O		R		E
F	R	E	S	H	E	R		R	E	N	T	A	L	
F				E		E		O		N		M		I
E	S	T	O	P		L	I	T	T	E	R	B	I	N
N		E		O		A		U		C		L		T
C	O	N	F	U	S	I	O	N		T	W	I	N	E
E		O		N		D		D		E		N		N
S	T	R	I	D	E		B	A	N	D	A	G	E	D

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · HONG KONG · AUSTRALIA · MALAYSIA · SINGAPORE

CANADA

TORONTO
Closing Prices December 3

MONTREAL
Closing prices December 3

Total Sales 3,947,002 shares.

INDICES

NEW YORK

DOW JONES	Dec. 3	Nov. 30	Nov. 29	Nov. 28	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2565.59	2559.65	2518.81	2535.15	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	90.99	90.62	90.39	90.41	93.04 (3/1)	88.44 (24/9)	—	—
Transport	872.04	853.00	828.22	831.18	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	211.77	212.09	208.38	209.26	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2589.60 (2577.23) Low 2543.56 (2498.51)

STANDARD AND POOR'S	Dec. 3	Nov. 30	Nov. 29	Nov. 28	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	323.97	322.22	316.42	317.95	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	379.98	377.92	371.25	372.84	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	22.55	22.25	21.81	22.06	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	177.07	176.06	173.14	173.91	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	302.60	301.79	299.87	298.97	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	361.32	359.02	355.75	355.06	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Nov.30	Nov. 2	Nov.16	year ago (approx.)
Dow Industrial Div. Yield	4.01	4.06	4.01	3.87

	Nov.28	Nov.21	Nov.14	year ago (approx.)
S & P Industrial div. yield	3.42	3.44	3.39	2.97
S & P Indl. P/E ratio	15.37	15.29	15.47	14.25

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Am T & T	8,498,500	30⅛	- 2
NCR	5,008,600	81½	+ 24⅝
First Bank	4,516,700	12⅞	+ ⅝
Pepsico	2,478,600	26	+ ⅜
Limited Inc	2,225,600	17¼	+ 1½
Phillip Morris	2,015,500	48⅝	+ ⅛
Dig Equip	1,985,200	54½	+ 2⅜
Wal-Mart Stores	1,808,500	30⅞	+ ⅜
Gen Electric	1,742,800	54⅝	+ ¼
Toys R US	1,719,400	24⅝	+ 1⅛

TRADING ACTIVITY

† Volume	Millions Dec. 3	Nov. 30	Nov. 29
New York	177.010	192.350	142.333
Amex	10.742	12.607	12.711
NASDAQ	(u)	131.276	114.188
Issues Traded	2,009	1,996	1,998
Rises	954	1,127	638
Falls	610	420	851
Unchanged	445	449	509
New Highs	32	19	11
New Lows	29	35	33

CANADA

TORONTO	Dec. 3	Nov. 30	Nov. 29	Nov. 28	1990 HIGH	1990 LOW
Metals & Minerals	2631.46	2586.85	2556.12	2556.13	3453.05 (4/1)	2486.60 (8/11)
Composite	3162.11	3151.01	3138.99	3144.69	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1679.44	1668.45	1665.31	1669.63	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 3	Nov. 30	Nov. 29	Nov. 28	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1324.0	1319.7	1338.5	1351.1	1713.7 (12/1)	1291.2 (2/11)
All Mining (1/1/80)	617.0	614.9	622.9	623.6	860.8 (5/1)	614.9 (30/11)
AUSTRIA						
Credit Aktien (30/12/84)	461.21	446.15	442.75	444.14	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	(u)	(u)	4994.84	5016.28	6599.43 (12/1)	4959.94 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	328.60	328.44	324.88	324.94	388.29 (20/7)	324.88 (29/11)
FINLAND						
Unitas General (1975)	416.6	416.5	413.9	413.2	677.3 (23/1)	398.9 (24/10)
FRANCE						
CAC General (31/12/82)	431.14	425.70	424.31	426.00	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1644.87	1605.12	1607.06	1601.25	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	633.24	622.72	618.32	618.99	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1798.3	1767.9	1754.9	1757.2	2414.0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1462.58	1441.23	1418.92	1420.62	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	3020.17	2965.06	2978.35	2986.39	3559.89 (23/7)	2730.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1205.86	1193.80	1215.72	1216.25	1893.10 (22/1)	1193.80 (30/11)
ITALY						
Banca Com. Ital. (1972)	516.24	503.15	500.67	501.40	763.52 (14/6)	500.67 (29/11)
JAPAN						
Nikkei (16/5/49)	22725.99	22454.63	22712.60	23053.88	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1671.22	1652.01	1666.96	1697.35	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	2855.44	2848.65	2903.79	2969.37	4477.16 (16/7)	2848.65 (30/11)
MALAYSIA						
KLSE Composite (4/4/86)	469.86	464.71	465.62	466.79	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	231.7	230.7	229.3	228.2	271.9 (20/7)	225.6 (8/11)
CBS All Shr (End 1983)	169.8	169.1	168.1	167.2	206.3 (3/1)	165.6 (8/11)
NORWAY						
Oslo SE (Indl) (2/1/83)	704.34	711.82	700.74	684.78	915.13 (2/8)	653.46 (21/11)
PHILIPPINES						
Manila Comp (2/1/85)	631.44	(c)	620.62	615.49	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	312.86	307.66	308.13	310.79	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1256.0§	1267.0	1254.0	1266.0	2230.0 (16/1)	1236.0 (23/11)
JSE Industrial (28/9/78)	2825.0§	2792.0	2787.0	2783.0	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	717.62	697.03	692.55	699.76	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	233.93	228.77	227.58	228.23	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	(u)	842.3	825.8	825.2	1329.9 (5/7)	805.6 (27/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	635.6	625.0	619.1	617.2	865.5 (13/7)	613.4 (28/9)
SBC General (1/4/87)	526.4	518.3	513.1	512.4	698.2 (13/7)	510.4 (26/11)
TAIWAN**						
Weighted Price (30/6/66)	4798.64	4377.27	4210.14	4144.76	12495.34 (10/2)	2560.47 (1/10)
THAILAND						
Bangkok SET (30/4/75)	583.95	544.30	558.28	587.15	1143.78 (25/7)	544.30 (30/11)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	455.3*	453.1	454.4	458.9	571.0 (4/1)	423.1 (28/9)

**Saturday December 1: Taiwan Weighted Price: 4764.84 Korea Comp Ex. 708.56

§ Subject to official recalculation. *Calculated at 15.00 GMT

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday 3 December 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	12.0m	391	+ 1
Kyocera Elec	7.1m	1,610	0
Kawasaki Steel	5.3m	399	-5
Hitachi	4.7m	1,050	+ 20
Isekl	4.6m	650	-10
Itoman	4.6m	640	-49
M'bishi Elec	3.9m	616	+ 16
S'tomo Metal	3.4m	409	+ 19
I'Jima-Hma	2.9m	616	+ 1
M'bishi Heavy	2.6m	635	+ 12

AMEX COMPOSITE PRICES
4pm prices December 3

4pm prices December 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37⅛	9½	AAR	.48	4.0	8	735	12½	12	12¼	+ ¼
9¼	7⅝	ACM n	1.01	12.		376	8¾	8½	8½	– ⅛
11⅛	8¾	ACMIn	1.26	13.		1162	10	9⅞	10	+ ⅛
9¼	6½	ACM M	n1.01	13.		615	7⅝	7⅝	7⅝	+ ⅛
12⅛	10	ACMMM	1.50	13.		106	11⅝	11½	11½	
11⅞	8⅝	ACM Sc	1.26	13.		1786	9⅝	9½	9⅝	+ ⅛
9⅝	7⅛	ACMSp	1.01	12.		x314	8⅝	8⅛	8⅝	+ ⅛
24⅞	16⅛	AL Lab	.16	.7	18	88	22⅛	22⅛	22⅛	+ ⅛
4⅝	1	AM Intl				788	1½	1⅜	1½	+ ⅛
18⅛	4⅞	AM In pf	2	24.		28	8¼	8¼	8¼	
70¼	39⅝	AMR			14	7524	48⅞	48	48½	+ 1¼
24⅝	22¾	ANR pf	2.12	9.2		2	23	23	23	– ⅜
4	1⅜	ARX				159	1⅝	1½	1⅝	+ ⅛
72⅞	38⅛	ASA	3	7.4		807	41	40	40⅝	– 1⅛
3½	2⅛	ATTC wt				325	2⅞	2⅜	2⅜	– ⅛
45⅝	31¼	AbtLab	s.64	1.9	21	5411	44½	43½	44	+ ⅜
14	10⅞	Abitibi g	.50			34	11⅛	11	11⅛	+ ⅛
11⅞	4⅞	AcmeC	.40	7.3	13	24	5½	5⅜	5½	
9⅝	5	AcmeE	.32	6.1	9	38	5¼	5⅛	5¼	
32⅛	18⅞	Acuson s			22	1367	27⅞	27⅝	27⅞	+ ⅛
16⅞	14⅛	AdaEx	1.72e	12.		189	14⅜	14⅜	14⅝	
15⅜	10	Adobe				20	10¾	10⅝	10½	– ¼
20¼	16	Adob pf	1.84	11.		35	17½	17½	17½	
21⅝	19¼	Adob pf	2.40	12.		10	20	20	20	
11⅞	3⅝	AMD				2656	4⅜	4¼	4⅜	
32⅞	13	AMD pf	3	21.		59	15	14⅝	14⅝	– ⅜
9¼	1⅝	Advest	.16	6.1		356	2⅝	2⅜	2⅝	+ ⅛
62	29	AetnLf	2.76	7.2	9	8531	39⅛	38¼	38¼	– ⅝
12½	6¼	AfIPb	.24	3.1		6576	8⅜	7⅝	7⅝	– ½
22½	10⅞	Ahmans	.88	6.7	5	5903	13¼	12⅞	13⅛	+ ⅛
13½	12	Ahmn wi				9	12⅞	12⅞	12⅞	– ⅛
3⅝	1⅞	Aileen			8	16	3⅛	3	3	
61	42⅞	AirPrd	1.44	2.6	13	2669	55¼	53⅞	54⅝	+ 1
27	13½	AirFrt s	.30	1.8	8	454	16⅞	16½	16⅞	+ ⅜
24½	11¼	Airgas			16	53	13¼	12⅞	12⅞	– ⅛
20⅛	13¾	Airlease	2.52	17.	7	35	15½	15	15	– ¼
23⅝	21⅛	AlaP	pf2.13e	9.5		7	22⅜	22⅜	22⅜	+ ⅛
10⅜	9	AlaP dp	f.87	9.3		21	9⅜	9¼	9⅜	
97¼	90	AlaP pf	9	9.5		z30	95	95	95	+ 1¼
102	94⅛	AlaP pf	9.44	9.6		z50	98	98	98	– 1
90¼	84¼	AlaP pf	8.28	9.5		z270	87	86	87	
25	13⅞	AlskAir	.20	1.2	9	912	16⅞	16⅛	16⅛	+ ⅞
19½	8	Albayln	.35	3.5	13	81	10½	10⅛	10⅛	– ⅛
27⅞	19⅛	Alberto	s.20	.7	21	82	27⅛	27	27⅛	+ ½
22¼	15¼	AlCulA	s .20	1.1	15	79	19⅛	18⅞	19	+ ⅛
37⅞	24⅛	Albtsn	s .48	1.4	20	1613	33¼	32¼	33⅛	+ ⅞
24½	16⅝	Alcan	1.12	6.1	9	4290	18⅛	17⅝	18¼	+ ⅝
37⅞	27⅞	AlcoStd	.88	2.7	13	1169	33⅛	32½	33⅛	+ ⅞
34	16⅛	AlexAlx	1	4.4	19	665	22½	22⅛	22½	+ ½
58⅞	20⅜	Alexdr				161	23½	22⅜	23	
95	74½	AllegCp	1.72t	2.1	8	11	80½	80½	80½	+ ⅛
34¼	18⅛	AlgLud	s.88	4.3	8	103	20⅞	20½	20½	– ⅛
42½	34	AllgPw	3.16	8.4	10	408	38⅛	37½	37⅝	+ ⅛
20	9¼	AllenG			10	64	13	12	13	+ 1
21¼	14¼	Allen	pf1.75	10.		5	16⅞	16⅜	16⅜	– ½
19⅝	12⅛	Alergn	.28	1.9	21	3420	14½	13⅞	14⅜	+ ⅝
17⅞	11½	AlnCap	1.74e	12.	13	56	14⅝	14⅜	14½	+ ⅛
17	8⅝	AllGIE n				225	10½	10⅜	10½	+ ⅛
12⅛	7¼	AlINEu n				621	9¼	9⅛	9¼	– ⅛
16¼	8⅝	AlITch n				497	10⅞	10⅜	10½	– ⅛
17½	17½	Alldsh n				10	u17¾	17⅛	17¼	+ ¼
25⅝	16¾	Allsh	pf2.97	14.		144	21⅛	21	21	
10⅜	3	AlldPd			4	135	3½	3⅜	3⅜	– ⅛
37⅞	24⅞	AldSgnl	1.80	6.4	8	2349	28⅛	27½	28	+ ⅛
10⅜	9½	AMIT	.72a	7.6		x900	9⅝	9½	9½	– ⅛
10½	8⅞	AMIT2	n.66a	7.3		x1186	9⅛	9	9	
9½	8⅞	AMIT3	n .64	7.4		x205	8⅝	8⅝	8⅝	+ ⅛
11⅛	9	AMIO	.66a	7.4		x937	9⅛	d 8⅞	8⅞	– ⅛
9⅞	8¼	AMIO2	.78	8.8		z1022	9	d 8⅝	8⅞	
10⅛	7⅞	AMIO3	n .66	7.8		x336	8⅝	8½	8½	
9¼	7⅞	AMPI	n.69a	8.0		x578	8⅝	8⅝	8⅝	+ ⅛
40⅛	24¾	ALTEL	1.40	4.4	14	614	32⅝	32¼	32⅛	– ⅛
77⅛	49⅝	Alcoa	1.60a	2.9	8	2478	55⅜	54⅜	55	+ ⅛
20¼	12¼	AmaxG	.06	.6	34	11	12⅞	12⅝	12⅝	– ⅛
29⅞	17⅝	Amax	.80	4.3	7	1654	18⅞	18½	18¾	+ ⅝
14	5-16	AmBes	.10j			817	9-16	½	9-16	+ 1-16
12⅞	6⅛	Amcast	.48	7.1		21	6⅞	6⅛	6⅞	– ⅛
6½	5-32	vjAmdur				104	9-32	¼	¼	– 1-32
13⅛	15-64	vjAmd pf				10	9-16	9-16	9-16	
56	42⅞	AmHes	.60	1.2	13	826	50⅛	49¾	50⅛	
10⅜	9⅛	AmAdj	n.92	9.2		x70	10⅛	10	10	
24⅞	15⅛	ABarck	s.10	.5	44	1017	19½	19	19⅛	– ⅜
40⅛	30⅞	ABrnd	s1.64	3.8	11	4035	u41	40½	41	+ ½
30½	28⅜	ABrd	pf2.75	9.2		28	30⅛	30	30	
163¼	128½	ABrd	pf2.67	1.6		4	u165	165	165	+ 1¼
41⅝	25½	ABldM	.92	3.4	11	28	27⅜	27⅛	27¼	– ⅜
23⅞	18⅛	ABusP	s .86	4.4	10	11	19⅞	19⅛	19⅞	
20¼	15⅛	ACapBd	1.99e	12.		x65	16⅞	16⅜	16⅞	+ ⅛
21⅞	15⅛	ACapCv	2.44e	15.		29	16⅜	16½	16½	
8¼	5⅜	ACapIn	.96	16.		288	5⅞	5¼	5⅞	

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Continued on Page 49

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
49	43½	Xerox pf4.13		9.7		z2	42½	d42½	42½	− ⅞
32⅛	13	XTRA	.72	5.3		125	13⅞	13¼	13⅜	− ⅛
26	12½	XTRA pf1.94		14.		34	13½	13½	13½	
4	5-16	Zapata				175	⅜	5-16	⅜	
8½	3	Zemex				3	3½	3½	3½	− ⅛
13⅝	4	ZenithE				968	6⅜	6¼	6¼	
18⅝	9⅞	ZenNtl	.85	7.7	8	336	11⅞	11½	11½	+ ½
7⅞	4⅝	Zenix	.93	20.		354	4⅞	4⅝	4⅝	+ ⅛
17⅛	9⅞	Zero	.40	3.5	12	90	11⅝	11½	11½	− ⅛
51½	29⅝	Zurnin	.88	2.7	15	1302	33	31⅞	33	+1⅛
12⅝	10⅛	Zweig	1.18e	11.		219	10⅜	10⅝	10⅜	
10	7⅝	ZweigTl	.84	9.6		1251	8⅜	8⅝	8⅜	

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are anuual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

NASDAQ NATIONAL MARKET

3pm prices December 3

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WlvEx pf			145	14⅛	13	13	−1
Worthg	.50	16	257	21	20⅝	21	+ ½
Wyman	.88		304	7½	6⅞	6⅞	
−X−Y−Z−							
XL Dta		5	54	7⅛	7⅛	7⅛	
XOMA			1881	19½	18½	18½	+ ⅛
Xilinx			229	12⅝	12½	12⅝	
YlowEnS	1.52	17	50	21	20⅞	21	+ ⅛
YelowF	.94	27	491	24⅝	24⅛	24½	+ ⅛
YorkRe		11	192	9	8⅞	8⅞	
Zeos		15	21	14⅛	13⅛	13⅛	−1
ZionBc	1.44	7	7	29	28⅛	28⅛	− ½

FINANCIAL TIMES Tuesday December 4 1990

AMERICA

AT&T's bid for NCR dominates in active trade

Wall Street

THE $6bn hostile bid by telecommunications giant AT&T for NCR, the fifth largest US computer group, dominated an active trading session yesterday, *writes Patrick Harverson in New York*.

The Dow Jones Industrial Average closed up 5.94 at 2,565.59, while New York SE turnover totalled 177m shares. Rises led declines by 954 to 610. The index would have been higher but for AT&T, one of the Dow's largest constituents. The Standard & Poor's 500 was less affected by the planned takeover, rising 1.88 to 324.10, while the American SE composite slumbered, up just 0.81 at 302.60.

Inevitably AT&T and NCR were the most active stocks. The former fell $2⅛ to $30 on turnover of more than 7m shares, while the latter jumped $24⅞ to $81½ on volume of 4.2m.

Although the NCR price remains below the $90 a share offered by AT&T, the market believes the telecommunications group will have to raise its bid to as much as $100 a share to win over NCR shareholders. The two companies' managements were unable to agree a deal earlier this month to merge the two computer businesses.

The telecoms-computer deal aside, sentiment in the stock market was buoyed by the weekend news that Saddam Hussein had agreed to meet US Secretary of State James Baker in Baghdad, but held back by a rise in oil prices and yet more bad US economic statistics.

The economic news came in the form of November's purchasing managers' index, which was down to a level not seen for eight years and clearly indicative of a recession. The figure would have done more damage to share prices but for the hope that this latest gloom on the economic front would hasten a fresh easing in monetary policy by the Federal Reserve.

Among over-the-counter stocks, Selectron fell sharply by $2¼ to $7¾ in busy trade after the company responded to a pessimistic broker's profits estimate by admitting that first quarter earnings might not meet expectations.

Mid-State Federal Savings Bank plummeted $8⅞ to a price of $9 and First Florida Bank retreated $1⅞ to $11 after the US comptroller of currency denied First Florida's application to acquire Mid-State, citing concern about the asset quality of both institutions as the reason.

Schering-Plough improved $½ to $47¼ on steady volume after the company said it anticipated substantial increases in sales of Gyne-Lotrimin following the drug's approval by the US Food and Drug Administration. It is the first non-prescription drug on the market for the treatment of vaginal yeast infections.

Trading in Continental Airlines was suspended with the price at $3¼ after the company announced it was filing for protection under Chapter 11 of the US bankruptcy code. When it reopened the shares dropped $1⅞ to $2 on turnover of 1.4m.

Canada

THE GULF situation and high interest rates kept investors cautious in Toronto, where stocks closed mixed after listless trading. Golds fell sharply after their recent strength, again retreating with the bullion price.

The composite index gained 11.1 at 3,162.1, but overall falls outnumbered rises by 286 to 241. Volume shrank to 15.9m shares from Friday's 23.9m. Ten of the 14 stock groups were higher, led by mining, up 1.7 per cent, but the golds index lost 3 per cent.

SOUTH AFRICA

GOLD shares in Johannesburg eased as bullion prices weakened, but industrials rose on hopes that interest rates would fall early next year. The all-gold index lost 11 to 1,256 while the industrial index gained 33 to 2,825.

Interest tax prompts Greek rally

By Kerin Hope in Athens

THE ATHENS Stock Exchange soared yesterday following Friday's budget announcement that interest earned on bank deposits will be taxed by 10 per cent from the end of the year.

The Athens general index rose by 13.6 per cent to 1,001.89 – the biggest one-day leap that brokers could remember – as private investors transferred their savings into stocks.

Banks are expected to raise interest rates on time deposits by about 2 points to 21 per cent to prevent a massive outflow.

Mr Nikitas Niarchos, the bourse president, set price ceilings on National Bank, Commercial Bank and Credit Bank shares. He halted trading in Intracom, Greece's leading telecommunications company, after it shot up by 25 per cent.

Brokers estimated that only 20 per cent of orders totalling more than Dr5bn ($33m) were executed yesterday. However, some institutions, including several from abroad, took advantage of the sudden rise in prices to unload holdings.

Broker picks airline sector

By Antonia Sharpe

UBS Phillips & Drew, the London-based brokers, presented the airline industry as its favourite European equity sector for 1991 at its annual seminar yesterday.

Mr Mark Simpson, the sector analyst, acknowledged that the timing was unusual given the current depression in the industry. Rising fuel prices, falling volumes and high gearing were of particular concern and had led to a relative underperformance by airline issues of their local markets, of up to 50 per cent in some cases.

He argued that the downturn would be short-lived. Annual growth in world revenue tonne kilometres should fall from 9 per cent in 1990 to 5 per cent in 1991, but recover to 9 per cent in 1992. He believed that the first half of 1991 would be the industry's low point, offering the prospect of recovery in the second half. It was also possible that fuel prices would peak in the first half of next year.

EUROPE

Renewed Gulf peace hopes give bourses a lift

AN IMPROVEMENT in peace hopes in the Middle East, and in European prospects following the German elections at the weekend, gave most bourses a lift yesterday, *writes Our Markets Staff*.

PARIS rallied in relatively active trading dominated by Eurotunnel and its rights package, as the subscription period ended yesterday. Of the total turnover of about FFr2.7bn, Eurotunnel shares accounted for about FFr396m and the rights for about FFr53.2m as arbitrageurs kept busy. The shares rose 25 centimes to FFr31.65 and the rights gained 28 centimes to FFr1.97.

The CAC 40 index gained 39.75 or 2.5 per cent to 1,644.87 although one analyst said that the advance was not based on fundamentals. He pointed out that the last date for settlement this month is December 18, so portfolio managers are taking advantage of the current optimism on the Gulf to improve their year-end figures, in the knowledge that they can sell out on December 19, hopefully before possible war in the Middle East in January.

A decline in interest rates, boosting financial shares, and a stronger bond market also encouraged buying, with foreigners reported to be active.

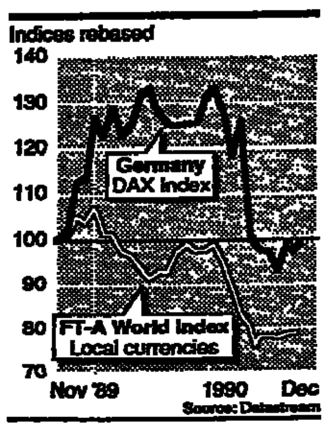
Among the day's winners, Rhône-Poulenc gained FFr14 or 6.3 per cent to FFr237, Saint-Gobain rose FFr20.40 to FFr390 and Lafarge Coppée added FFr12.30 to FFr337.80. Havas, the media group which has encountered heavy selling recently, rebounded by FFr20.70 to FFr479.40.

Ski equipment makers such as Skis Rossignol, which jumped FFr96 or 13.7 per cent to FFr798 in light trading, were boosted by news of the recent snowfalls in the Alps. Valeo, the car components company, gained FFr19.90 to FFr369.90 after saying it was selling its car horn-making business.

MILAN closed higher on talk that a recently introduced capital gains tax on share profits might be postponed. Traders have held two strikes, partly to protest against the planned implementation of the tax which effectively makes them unpaid tax collectors.

Yesterday they called off a two-day strike scheduled for later this week, but said they would instead halt trading on December 13 to demonstrate against the delay in passing stock market reforms. The Comit index rose 13.09 to 516.24 on professional short-covering.

Fiat rose L146 to L5,436. Enimont rose L17 to L1,539 although it was traded well below the L1,650 set in the public swap offer by ENI to buy out minority shareholders.



FRANKFURT followed the CDU election win with a gain of 2.5 per cent in the first half hour; but profit-taking left the FAZ index up 10.48, or 1.7 per cent, at 633.24 in midsession, and the DAX up 21.35 (1.5 per cent) at 1,462.58 by the close.

Prices were moved less by domestic politics than by Gulf hopes, a lower oil price and a higher dollar, said Mr Jens Wiecking, a director of Merck Finck in Düsseldorf. Volume rose from DM4.1bn to DM5bn. Hopes for better operating margins saw BMW lead carmakers up again, rising DM11 to DM425.50. Hoechst did something similar in chemicals, up DM7.70 to DM199.90 for a two-day gain of DM12.10.

One or two engineers also responded to the better dollar and its implications for profit margins – Deutsche Babcock rising DM7.20 to DM146.70 – but retailers, arguably affected by the higher dollar in their import costs, were generally weak. Horten fell DM9.80 to DM203; Westdeutsche Landesbank is taking BAT's 51 per cent stake in Horten, and hopes of a full bid have been shelved.

STOCKHOLM rose sharply on improved volume as oil prices fell back and domestic interest rates eased. The Affärsvärlden General index rose 37.2 or 4.4 per cent to 879.5. Turnover grew to SKr275m from SKr264m.

Ericsson free B shares remained the most actively traded, accounting for SKr63m of the total, and rose SKr4 to SKr192.

AMSTERDAM ended a shortened session higher in reaction to lower crude prices and firmer bond prices. Trading was delayed by 2¼ hours at the start because of computer failure. The CBS Tendency index rose 1.6 to 95.9.

ZURICH followed Frankfurt, the Crédit Suisse index rising 6.4, or 1.4 per cent, to 468.7 in volume which improved during the course of the session.

MADRID rose in an enthusiastic session, with the general index gaining 5.16 to 283.93.

ISTANBUL rebounded by 9.9 per cent on optimism about the Gulf. The bourse index gained 322.06 to 3,579.02 after falling to a seven-and-a-half month low on Friday. Turnover grew to TL82.8bn from TL48.7bn.

ASIA PACIFIC

Profit-taking erases some of Nikkei's gains

Tokyo

STOCK PRICES rebounded on growing expectations of a peaceful resolution to the Gulf crisis. While profit-taking erased some of the morning gains, the Nikkei average closed higher for the first time in five trading days, *writes Emiko Terazono in Tokyo*.

After opening at the day's low of 22,456.87, the Nikkei rose to a high of 23,033.74 on small-lot buying encouraged by Friday's advance on Wall Street. The rise above 23,000 triggered profit-taking. The yen's decline and lower bond prices added to the downward momentum, and the Nikkei closed a net 271.36 higher at 22,725.99.

Turnover remained thin, with only 250m shares changing hands. Gains led losses by 717 to 198, while 149 issues remained unchanged. The Topix index of all first section stocks rose 19.21 to 1,671.22, but in London trading the ISE/Nikkei 50 index shed 3.68 to 1,276.23.

Morning optimism was helped by hopes of investment trust buying and support from the Ministry of Finance, but prices eased when they were unfulfilled, said Mr Christopher Leighton at Schroder Securities. "The market lost a lot of its steam owing to the disappointment and lack of institutional buying."

Utilities were firm on lower crude oil prices. Tokyo Electric advanced Y110 to Y3,240 and Tokyo Gas gained Y11 to Y505.

Toyama Chemical, a pharmaceutical company, was the day's weakest stock, falling Y100 to Y650 on news that its Yuhokasei subsidiary is facing financial difficulties.

Honshu Paper, a popular speculative stock, surged ahead Y400 to Y2,540 on news that Dituka, a Hong Kong investment group, had bought options on 114m shares, a third of the shares outstanding.

Itoman, the medium-sized trading and property development group attempting to restructure after problems from its real estate investment, dropped Y43 to Y540.

Kirin Brewery, the leading brewer, put on Y20 to Y1,440 on announcing it would increase investment by 25 per cent to Y100bn. Yamamura Glass, the brewer's glass bottle maker, moved ahead Y24 to Y689.

Shimano Industrial, the bicycle parts maker, climbed Y50 to Y4,350 on reports that it had forecast a 74 per cent jump in pre-tax profits next year. The company said interim profits had more than doubled after a rise in mountain bike sales.

In Osaka, prices rose in the morning. The OSE average gained 365.81 to 25,037.44 on thin volume of 26.6m shares.

Roundup

THE RISE in Tokyo and optimism about progress in the Gulf situation encouraged Asia Pacific markets yesterday.

TAIWAN gained 2.7 per cent in the best turnover since August 2. The weighted index, which shot up 6.8 per cent on Saturday, added 123.80 at 4,798.64 in trading worth T$86.3bn, up from T$58bn.

BANGKOK was also in hopeful mood, with the SET index leaping 39.65, or 7.3 per cent, to 583.95.

SINGAPORE was firm, with the Straits Times Industrial index ending 19.04 higher at 1,125.63 in spite of late profit-taking. Turnover grew to S$65m from Friday's S$55m.

SIA foreign shares climbed 50 cents to S$12 and its local stock rose 25 cents to S$10.10 after the announcement of a share swap plan between the airline and Swissair.

KUALA LUMPUR also strengthened but closed below the day's high, with the composite index up 5.15 at 469.86. The most active stock was Sapura Telecommunications, which made its debut yesterday and ended at M$2.40, up 46 cents from its issue price.

HONG KONG advanced in moderate trading; the Hang Seng index added 55.11 at 3,020.17 in turnover of HK$710m, up from Friday's HK$546m. AUSTRALIA also rose but finished below the best after sluggish trading, with the All Ordinaries index 4.3 ahead at 1,324.0. Turnover came to A$123m, less than one third of Friday's A$372m, which had been boosted by options-related trading.

SEOUL rose for a third session in a row, although active selling by institutions knocked share prices off their highs. The composite index ended 9.06 higher at 717.62 on turnover of Won396.8bn, up from Won237.9bn in Saturday's half-day trading.

MANILA's composite index ended 10.82 stronger at 631.44. There was profit-taking in oils after news that drilling at the West Linapacan offshore well had produced mixed results.

US strength fails to prop up world

By William Cochrane

A WEAK Europe and an even weaker Pacific Basin combined last week to offset strength in North American equity markets, and the FT-Actuaries World Index ended with a decline of 0.8 per cent.

Japan led the losers, falling 3.6 per cent to register a 9.9 per cent drop for November – and a 44 per cent slide for the year to date, in local currency terms. The Gulf crisis, rising oil prices, a weaker yen and talk of speculators in trouble all contributed to the gloom.

Europe was lightened a little by a 6.9 per cent rise in Norway, still down 4.2 per cent in November and 10.1 per cent over the past three months.

Mr David Longmuir of James Capel said yesterday that the Norwegians had got into a parochial depression. Big institutions had been selling actively, having decided that it was time to book losses for tax purposes; and, says Mr Longmuir, some individuals had been playing fast and loose in margin dealings.

However, the tide turned at the beginning of last week. Sentiment began to concentrate on the positive, on prospects for the oil and oil-associated stocks such as Saga Petroleum and Norsk Hydro. Domestic institutions came back on feed.

Shipping shares also recovered, says Mr Longmuir, as tanker rates to the Gulf showed the beginnings of an improvement. In the shipping sector, Bergesen had been badly hit, but it rebounded – and took a number of other shipping stocks with it – as it found work on the spot market for four tankers which had lost their charters due to the Gulf crisis.

Finally, the US gained 2.3 per cent, the best part of that being achieved last Friday after President George Bush suggested a dialogue with Iraq. An economy which, according to Federal Reserve Board chairman Mr Alan Greenspan, has entered a "meaningful downturn" shows a decline of only 9.1 per cent this year in its equity markets, compared with 33 per cent for the outside world.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	−1.23	−1.85	+10.74	−4.66	−10.88	+7.19
Belgium	−2.06	−3.67	−24.91	−24.65	−28.17	−13.60
Denmark	−0.90	−5.21	−12.20	−12.32	−16.36	+0.60
Finland	+1.24	−0.47	−26.34	−30.11	−34.76	−21.53
France	−1.29	−1.49	−18.79	−22.91	−26.83	−12.00
Germany	−2.63	+0.88	−6.97	−17.37	−22.56	−6.85
Ireland	−1.23	−7.89	−25.97	−29.04	−32.65	−18.99
Italy	−3.43	−10.12	−28.96	−31.23	−35.66	−22.62
Netherlands	+0.76	+0.63	−14.92	−17.40	−22.46	−6.74
Norway	+6.94	−1.65	+9.01	+0.83	−5.29	+13.92
Spain	−0.81	+0.23	−24.70	−23.11	−26.70	−11.83
Sweden	+2.09	−6.99	−19.12	−26.61	−31.64	−17.78
Switzerland	+0.26	−1.56	−22.63	−22.03	−21.71	−5.84
UK	−1.00	+5.63	−7.39	−12.70	−12.70	+5.00
EUROPE	−1.20	+1.28	−13.11	−17.77	−20.42	−4.28
Australia	−3.17	+2.90	−14.71	−17.57	−32.99	−19.40
Hong Kong	−1.69	−0.14	+3.84	+2.93	−14.36	+3.01
Japan	−3.64	−6.42	−43.36	−44.02	−42.72	−39.52
Malaysia	−3.44	−5.19	−9.37	−17.95	−31.91	−18.10
New Zealand	−3.47	−1.14	−38.64	−35.32	−44.79	−33.61
Singapore	−2.45	−3.13	−18.68	−22.32	−28.70	−14.24
Canada	+1.24	+1.70	−15.88	−16.83	−31.28	−17.33
USA	+2.26	+3.54	−7.32	−9.07	−24.41	−9.07
Mexico	+2.34	+4.95	+123.55	+93.47	+47.20	+77.05
South Africa	+1.33	−1.05	−9.97	−13.59	−26.13	−11.14
WORLD INDEX	−0.80	−0.61	−23.83	−25.63	−34.23	−20.88

† Based on November 30th 1990.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 3 1990								FRIDAY NOVEMBER 30 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (76)	122.42	+0.3	94.58	104.00	96.33	105.12	+0.3	7.38	122.01	93.26	102.65	95.18	104.80	158.31	118.98	148.79
Austria (19)	199.16	+2.0	153.87	169.21	156.72	155.78	+2.2	1.75	195.30	149.29	164.32	152.36	152.47	265.63	178.57	151.44
Belgium (61)	133.20	−0.3	102.91	113.15	104.81	102.32	+0.0	5.67	133.63	102.15	112.42	104.24	102.32	160.02	126.67	148.42
Canada (120)	126.17	+0.3	97.48	107.18	99.27	106.48	+0.3	3.78	125.80	96.16	105.84	98.13	106.17	153.61	121.24	150.22
Denmark (33)	242.64	−0.4	187.46	206.14	190.92	190.99	+0.5	1.57	243.68	186.28	205.02	190.10	190.07	277.62	234.05	234.57
Finland (25)	106.21	+1.5	82.05	90.23	83.57	80.68	+2.1	3.78	104.60	79.96	88.01	81.60	79.04	152.29	98.91	124.54
France (122)	139.00	+1.2	107.39	118.08	109.37	111.53	+2.2	3.73	137.31	104.97	115.52	107.11	109.15	168.85	124.98	144.57
Germany (91)	116.18	+0.8	89.76	98.72	91.42	91.42	+1.7	2.49	115.24	88.09	96.97	89.90	89.90	144.63	101.38	109.18
Hong Kong (48)	122.61	+1.6	94.73	104.17	96.48	122.86	+1.7	5.39	120.65	92.23	101.51	94.12	120.81	147.49	112.24	116.63
Ireland (17)	147.95	+0.6	114.31	125.69	116.42	118.05	+1.0	4.43	147.07	112.42	123.74	114.73	116.85	198.57	139.04	167.34
Italy (91)	77.67	+2.0	60.01	65.98	61.11	66.00	+2.9	3.73	76.17	58.23	64.08	59.42	64.11	109.26	75.73	92.68
Japan (453)	119.67	+0.2	92.46	101.67	94.18	101.67	+1.2	0.84	119.38	91.25	100.44	93.14	100.44	197.26	106.58	195.89
Malaysia (35)	191.35	+2.0	147.83	162.56	150.56	198.94	+1.9	3.40	187.59	143.40	157.82	146.34	195.32	250.89	182.96	208.09
Mexico (12)	583.06	+1.2	450.47	495.35	458.79	1876.76	+1.3	0.37	576.24	440.49	484.82	449.53	1851.97	583.06	324.53	289.99
Netherland (41)	133.62	−0.4	103.24	113.52	105.14	104.13	+0.5	5.16	134.19	102.58	112.90	104.68	103.68	149.03	127.56	136.80
New Zealand (15)	48.00	+0.3	37.09	40.78	37.77	41.75	+0.2	8.19	47.86	36.59	40.27	37.34	41.68	75.36	47.86	75.97
Norway (27)	223.06	−2.0	172.34	189.51	175.53	178.63	−1.0	1.73	227.66	174.03	191.54	177.60	180.38	276.79	202.34	180.98
Singapore (25)	154.80	+1.9	119.59	131.51	121.80	122.77	+1.9	3.60	151.97	116.17	127.86	118.56	120.53	209.24	147.24	167.59
South Africa (60)	174.39	−0.1	134.73	148.15	137.22	132.13	+0.6	4.20	174.63	133.49	146.92	136.23	131.40	251.39	151.50	176.68
Spain (42)	146.24	+1.7	112.98	124.24	115.07	106.30	+2.3	5.22	143.78	109.91	120.98	112.17	103.92	182.25	128.54	159.32
Sweden (27)	163.49	+3.5	126.31	138.90	128.65	136.75	+4.4	2.97	157.91	120.71	132.86	123.19	130.97	234.93	153.11	169.01
Switzerland (68)	89.37	+0.9	69.04	75.93	70.33	71.61	+2.1	2.94	88.58	67.71	74.53	69.11	70.13	109.77	85.00	92.18
United Kingdom (298)	165.97	−0.4	128.22	140.98	130.58	128.22	+0.7	5.43	166.63	127.38	140.18	129.98	127.38	176.18	139.87	146.68
USA (533)	130.84	+0.6	101.09	111.16	102.96	130.84	+0.6	3.77	130.07	99.43	109.44	101.47	130.07	148.95	119.06	142.55
Europe (962)	136.75	+0.3	105.65	116.19	107.61	106.91	+1.3	4.35	136.28	104.18	114.66	106.32	105.54	157.65	124.91	131.76
Nordic (112)	174.77	+0.9	135.02	148.48	137.52	136.11	+1.8	2.23	173.15	132.36	145.68	135.07	133.65	223.29	170.59	172.41
Pacific Basin (652)	119.58	+0.3	92.39	101.60	94.10	102.15	+1.2	1.26	119.23	91.14	100.31	93.01	100.94	192.75	107.82	191.03
Euro–Pacific (1614)	126.91	+0.3	98.05	107.81	99.86	104.97	+1.2	2.62	126.51	96.70	106.43	98.68	103.68	174.18	116.03	167.41
North America (653)	130.47	+0.6	100.80	110.85	102.68	129.23	+0.6	3.77	129.72	99.16	109.15	101.21	128.49	148.43	119.26	142.90
Europe Ex. UK (664)	118.73	+0.9	91.73	100.89	93.44	94.36	+1.8	3.54	117.66	89.94	99.01	91.80	92.70	145.62	109.94	121.42
Pacific Ex. Japan (199)	117.89	+1.0	91.08	100.17	92.78	104.97	+0.9	6.28	116.78	89.27	98.27	91.11	103.99	146.72	116.03	132.83
World Ex. US (1806)	127.62	+0.3	98.60	108.43	100.42	105.74	+1.2	2.67	127.21	97.25	107.04	99.24	104.48	173.77	117.12	166.98
World Ex. UK (2041)	123.98	+0.5	95.79	105.34	97.57	111.98	+1.0	2.75	123.34	94.28	103.78	96.23	110.84	162.00	115.37	158.23
World Ex. So. Af. (2279)	127.43	+0.4	98.45	108.27	100.28	113.47	+1.0	3.05	126.90	97.00	106.77	99.00	112.35	161.84	118.04	157.06
World Ex. Japan (1886)	133.15	+0.5	102.87	113.13	104.79	120.01	+0.9	4.10	132.50	101.29	111.49	103.38	118.96	151.59	124.31	138.79
The World Index (2339)	127.71	+0.4	98.67	108.50	100.50	113.60	+1.0	3.06	127.18	97.22	107.01	99.22	112.49	162.05	118.33	157.17

Belgian prices were unavailable (3/12/90). CONSTITUENT CHANGES (3/12/90): Deletions: Elders Resourses (Australia) and Mitsubishi Mining & Cement (Japan). Name changes: Elders IXL to Fosters Brewing Group (Australia) and Mitsubishi Metal Corp. to Mitsubishi Materials Corp. (Japan).